S. HRG. 100-58

NOMINATION OF JAMES ABDNOR TO BE ADMINISTRATOR AND CHARLES R. GILLUM TO BE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

NOMINATION OF JAMES ABDNOR TO BE ADMINISTRATOR AND CHARLES R. GILLUM TO BE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION

MARCH 12, 1987

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE

72-809 WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

5721-6

COMMITTEE ON SMALL BUSINESS

DALE BUMPERS, Arkansas, *Chairman*

SAM NUNN, Georgia
JAMES R. SASSER, Tennessee
MAX BAUCUS, Montana
CARL LEVIN, Michigan
ALAN J. DIXON, Illinois
DAVID L. BOREN, Oklahoma
TOM HARKIN, Iowa
JOHN F. KERRY, Massachusetts
BARBARA A. MIKULSKI, Maryland

LOWELL WEICKER, JR., Connecticut
RUDY BOSCHWITZ, Minnesota
WARREN RUDMAN, New Hampshire
ALFONSE M. D'AMATO, New York
ROBERT W. KASTEN, JR., Wisconsin
LARRY PRESSLER, South Dakota
MALCOLM WALLOP, Wyoming
CHRISTOPHER S. BOND, Missouri

JOHN W. BALL III, *Staff Director*
ROBERT J. DOTCHIN, *Minority Staff Director*

CONTENTS

	Page
Statement of Senators:	
Bumpers, Hon. Dale, a U.S. Senator from the State of Arkansas	1
Weicker, Hon. Lowell, Jr., a U.S. Senator from the State of Connecticut	2
D'Amato, Hon. Alfonse M., a U.S. Senator from the State of New York	12
Pressler, Hon. Larry, a U.S. Senator from the State of South Dakota	16
Kasten, Hon. Robert W., Jr., a U.S. Senator from the State of Wisconsin	29
Boren, Hon. David L., a U.S. Senator from the State of Oklahoma	31
Rudman, Hon. Warren, a U.S. Senator from the State of New Hampshire	31
Bond, Hon. Christopher S., a U.S. Senator from the State of Missouri	32
Harkin, Hon. Tom, a U.S. Senator from the State of Iowa	56
Baucus, Hon. Max, a U.S. Senator from the State of Montana	27
Sasser, Hon. James R., a U.S. Senator from the State of Tennessee	38
Dixon, Hon. Alan J., a U.S. Senator from the State of Illinois	59
Statement of:	
Abdnor, Hon. James, nominee for Administrator, U.S. Small Business Administration	21
Gillum, Charles R., Inspector General Designate of the U.S. Small Business Administration	56

HEARING DATE

March 12, 1987: Morning session 1

NOMINATION OF JAMES ABDNOR TO BE ADMINISTRATOR AND CHARLES R. GILLUM TO BE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION

THURSDAY, MARCH 12, 1987

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee convened, pursuant to notice, at 10:05 a.m., in room SR-428A, Russell Senate Office Building, Hon. Dale Bumpers (Chairman of the Committee) presiding.

STATEMENT OF HON. DALE BUMPERS, A U.S. SENATOR FROM THE STATE OF ARKANSAS

The CHAIRMAN. The Committee will come to order. Today I am pleased to bring before the Committee and welcome the nominees for Administrator and Inspector General at SBA former Senator James Abdnor and Mr. Charles Gillum.

It is my hope that we can move quickly through the confirmation process on these two nominations, and I hope that these gentlemen will help to lend a new atmosphere at SBA, one of eagerness and support for the agency as well as for the small business community as a whole.

The Small Business Administration has managed to survive a storm of agency-defeating legislation over the last few years, not without the help of this Committee and our distinguished former Chairman, Senator Weicker.

SBA doubtless faces additional struggles during the 100th Congress in the teeth of budget-cutting legislation. Although the agency has survived this onslaught, the Reagan Aministration's agency-destroying proposals and harsh management practices over the last year have left SBA demoralized and with a clouded sense of direction.

Therefore, I believe it should be the goal of this Committee to help revive the Agency and set it back on track as a leading advocate for small business.

The first step in this direction will be to place a new permanent Administrator at the helm who is fully dedicated to the Congressionally-mandated mission of SBA.

This Committee has long awaited the nomination for Administrator. Since the departure of former Administrator Jim Sanders on

April 1, 1986, the SBA has been without the leadership of a full-fledged Administrator.

Although the President promised to send a nominee to the Senate in August of last year, no nomination was received during the 99th Congress.

The committee received the President's nomination less than 48 hours ago. Therefore, I am anxious to move forward with both nominations today and welcome the chance to ask both gentlemen about their future plans for SBA.

I am especially pleased to have the opportunity to welcome my former colleague and good friend from South Dakota Jim Abdnor, for who I have great respect and who I consider to be a great advocate for small business.

Jim and I share a rural upbringing. We both come from small rural States where small businesses provide the backbone of most of the towns' economies and where the plight of the family farmer is a Statewide tragedy.

With this background and his extensive Congressional experience, I believe Jim can add a new and needed perspective to the SBA and become an effective leader.

In addition to Senator Abdnor, we will hear from Mr. Charles Gillum, the President's nominee for Inspector General.

Mr. Gillum has much experience as an Inspector General, having served directly under the Inspector General at GSA since 1981 and in a similar position in the Department of Housing and Urban Development.

The IG's post is a crucial one at SBA since he is the chief watchdog over an array of financial programs which has sometimes been the target of nefarious schemes by those who covet the public fisc.

I look forward to hearing his plans for his new post.

Senator Weicker, do you have an opening statement?

STATEMENT OF HON. LOWELL WEICKER, JR., A U.S. SENATOR FROM THE STATE OF CONNECTICUT

Senator WEICKER. I have an opening statement which I would like to submit for the record, Mr. Chairman.

Let me say this very briefly. First of all, SBA is alive and well, and that is due as much to the present Chairman and his Democratic colleagues as it was to this Chairman and my Republican colleagues who worked together.

The SBA stands as an institution that can play an enormously important role in the economics of this Nation, especially when I see the big getting bigger and merging and merging.

I saw today where California leads all of the States in new employment. I will tell you why they do. It is all of the small firms in California that are generating that new employment.

So there has never been a more important time for the Small Business Administration and thanks to Dale Bumpers and a lot of other people, the Agency is still there.

Point number 2. Jim Abdnor, though he and I are somewhat apart philosophically within our own party, I can assure you he is one of the finest men I have ever met on the floor of the U.S. Senate in terms of his integrity, in terms of his commitment to

anything that he undertakes. I would hope that the Agency being where it is, and having a nominee before us now, we would close what has been a rather miserable chapter in the history of SBA by getting the two together as a result of these hearings today.

The CHAIRMAN. Thank you, Senator Weicker.

[The prepared statement of Senator Weicker follows:]

STATEMENT OF
SENATOR LOWELL WEICKER, JR.
ON
THE NOMINATIONS FOR ADMINISTRATOR
AND INSPECTOR GENERAL OF THE
SMALL BUSINESS ADMINISTRATION
MARCH 12, 1987

GOOD MORNING. TODAY WE ARE HERE TO CONSIDER TWO NOMINATIONS: FORMER SENATOR JAMES ABDNOR TO BE ADMINISTRATOR AND CHARLES GILLUM TO BE THE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION. LET ME COMMEND THE CHAIRMAN FOR MOVING QUICKLY TO HOLD THESE HEARINGS, ESPECIALLY THE NOMINATION FOR THE ADMINISTRATOR.

THESE HEARINGS MARK A NEW BEGINNING FOR THE SBA. LET US NOT DWELL ON THE PAST, BUT RATHER LET USE THESE HEARINGS AS AN OPPORTUNITY TO REBUILD AND RECONSTRUCT THE AGENCY FOR THE FUTURE. WE ARE FORTUNATE TO HAVE A FRIEND TO SMALL BUSINESS AND A FORMER COLLEAGUE TO ASSIST US IN THIS IMPORTANT TASK. THE SBA IS THE ONLY AGENCY IN THE GOVERNMENT WHOSE SOLE MISSION IS TO SERVE SMALL BUSINESSES-- THE MOST IMPORTANT SECTOR OF OUR ECONOMY.

JIM ABDNOR IS KNOWN TO MOST OF US ON THIS COMMITTEE FROM HIS YEARS OF SERVICE IN THE CONGRESS, AND I AM CONFIDENT THAT HE WILL DO THE JOB THAT NEEDS TO BE DONE. HE IS A FINE PERSON. HE WILL PROVIDE THE LEADERSHIP AND GUIDANCE THAT THE AGENCY NEEDS AT THIS

TIME; AND THE MORALE OF THE AGENCY'S EMPLOYEES SHOULD NOW BE RESTORED. MOREOVER, IMPORTANT RELATIONS WITH THE CONGRESS WILL BE REESTABLISHED SO THAT ONCE AGAIN WE CAN WORK WITH THE ADMINISTRATION IN DELIVERING ESSENTIAL SERVICES TO OUR NATION'S SMALL BUSINESSES.

THE SECOND NOMINEE IS CHARLES GILLUM TO BE THE INSPECTOR GENERAL AT SBA. I HAVE REVIEWED HIS BACKGROUND. FOR THE PAST DECADE HE HAS WORKED IN THE OFFICES OF THE INSPECTOR GENERAL AT HUD AND GSA. HE IS A TRUE PROFESSIONAL AND I AM SURE WILL DO A COMMENDABLE JOB AT SBA.

MR. CHAIRMAN, THE TWO NOMINEES THAT WE CONSIDER TODAY ARE FOR VERY IMPORTANT POSTS AT SBA. WE HAVE TWO EXCELLENT CANDIDATES THAT I LOOK FORWARD TO WORKING WITH.

Lowell Weicker Jr. Questions for James Abdnor

1. Presidential Meetings

Have you met with the President concerning the SBA appointment?

ANSWER: No.

Follow-up

a) Many small business groups would like the SBA Administrator to be elevated to cabinet status, as a way of improving the importance of this post within the executive branch.

b) Do you have any opinion on this matter? Do you believe you will have any problems having your voice heard at the highest levels of this Administration?

ANSWER: It is my opinion that small business ought to have a strong voice at the highest level of government. Whether that necessitates cabinet level standing for the Administrator of the SBA is not for me to decide. However, I strongly believe that SBA should be continued as an independent agency with full access to the President. It is my intention to insure that SBA and the small business community have the Administration's ear for as long as I am Administrator.

2. Small Business Perspective

As this Administration's Chief Advocate for Small Business, what do you believe are the major problems facing entrepreneurs?

ANSWER: I believe the White House Conference on Small Business highlighted what small business entrepreneurs perceive as their major problems. High on the list were liability insurance, mandated employee benefits, competition from government or non-profit entities, and excessive federal deficits.

Follow-up

What role do you believe SBA can play in addressing this small business problem?

ANSWER: I believe SBA can serve as a spokesman for small business in working with Congress and the Administration to bring about the types of reform which small business is requesting. Only through a cooperative effort can that be accomplished.

3. OMB/SBA Relationship

Over the past four years OMB has written the SBA's budget. As Administrator, do you expect this practice to continue?

ANSWER: I expect the SBA to have maximum input in working with OMB to arrive at a budget proposal. I believe that is the way the budget process was designed to work and I will make every effort to work with the Administration and the Congress in fashioning this agency's budget.

4. Loan Asset Sales

What is your opinion of loan asset sales as a means of achieving budget "savings"?

ANSWER: I will take a close look at this whole asset sale question. I understand that the SBA is in the process of hiring an outside financial advisor to analyze the issues and make recommendations. I'll do everything possible to see that the Government is getting its money's worth from any sale of SBA loan assets.

Follow-up

a) As you know, the President's proposal calls for several billion dollars of SBA business and disaster loans to be sold without recourse starting later this fiscal year. Thus, the loans will be sold to private investors on a heavily discounted basis, estimated by OMB to be as low as 14 cents on a dollar in some cases. The Committee is concerned with this policy.

b) Will you consult with the Committee and seek its authorization before proceeding with any loan asset sales?

ANSWER: I hope to work with both House and Senate Small Business Committees in developing asset sale proposals.

5. SBA Promotion

a) In December 1985, OMB instructed then Administrator Jim Sanders that no new program initiatives were to be developed in 1986. The OMB directive also stated that, "Activities designed to increase awareness of SBA programs and to market SBA should stop immediately."

b) SBA has done little, if any, promotion of its programs over the last year. Many banks and small businesses in the country still wonder if SBA is going to be around. I encourage you to develop an aggressive plan to market SBA's programs and resources. In short, let the small business community know SBA is alive and well.

c) Are you aware of this problem? Do you have any thoughts on ways to promote SBA's lending and management assistance programs?

ANSWER: I am aware of the adverse effects of Administration proposals to abolish SBA on public perception of the agency and its programs. I'm looking forward to the challenge of marketing SBA's programs and restoring public awareness and confidence in the agency. Rest assured of my strong commitment to getting the word out that we are here to stay and here to serve the small business community.

SBA's lending programs clearly need to be promoted. Promotion of these programs will be a major agenda item in my meetings with District and Regional Directors. Our purpose should be to expose the small business and banking communities to the creative types of public/private partnerships that are possible through SBA lending programs. With certified and preferred lender programs that streamline the processing of SBA guaranteed loans and with a secondary market loan pooling program that truly creates a national capital market for small business loans, there is a good story at SBA waiting to be told. Certainly, we need to comply with SBA's statutory obligation to insure that borrowers show reasonable assurance of repayment.

6. Small Business Development Centers

a) The university-based Small Business Development Center program provides low cost counseling and training to small businesses. SBDC's now exist in over 40 states, including South Dakota. How effective was this program in your state? Do you believe the federal government's support should be maintained for this management assistance program?

ANSWER: I'm told that the results of surveys conducted in my state of SBDC beneficiaries have been favorable toward the program. However, I believe the SBDC program should undergo the same scrutiny required of other federal programs and that objective assessments of the program's effectiveness should be initiated. In my estimation, the charge to SBDC's should be for them to demonstrate their effectiveness in terms of serving a valid public purpose and in terms of judiciously expending federal tax dollars.

b) Several Members of the Committee have been contacted regarding the new SBDC regulations. The Committee has heard strong criticism against the regulations and some concern that they may soon be implemented. The Association of SBDC's has suggested that the regulations should be withdrawn and published again for comment. Would you please advise the Committee on the timetable for implementing these regulations, and your opinion of whether new proposed regulations should be issued?

ANSWER: I intend to pursue an orderly process for review of the proposed regulations. No final regulation will be published until my staff and I have had the opportunity to carefully analyze its content.

7. SBA's Future Direction

Due to the lengthy fight over the agency's future, the morale of the SBA is extremely low. What do you plan to do to revitalize the Agency? What will be the Agency's direction and priorities?

ANSWER: I'm a strong believer in communication and my first task as Administrator will be to restore the confidence of agency employees, Congress, and our small business constituency in the purpose for which SBA was originally created and that's to serve the nation's 15 million small businesses. This agency has a statutory and regulatory framework which provides the direction for its activities and I intend to manage SBA in compliance with that framework. To the extent that I see room for improvement within the parameters of the law, I will endeavor to work with the Congress and the Administration to maximize our effectiveness in being responsive to the taxpayers and to the needs of small businesses.

8. Access to Debt Capital

a) Do you believe small businesses have difficulty getting access to long-term debt financing? Do you believe there is a small business credit gap, especially for loans of 7 to 10 years in length?

b) Do you believe SBA's loan guarantee programs play a useful role in addressing this credit problem?

ANSWER: I believe there are gaps in the small business finance market that are filled by SBA's loan guaranty program. Bankers tell me that these occur when good business prospects cannot obtain bank loans for one of the following reasons:

* The business is a startup.

* The applicant requests a long term loan; most banks do not make long-term loans.

* The applicant has too little equity or collateral.

It is clear from a considerable body of evidence that a significant credit gap exists in small business financing, that SBA's role arises when a firm is an efficient producer but does not qualify for a bank loan, and that by stepping in when these situations arise, SBA promotes a more efficient allocation of the economy's resources.

ANSWER: I believe SBA's loan guaranty program serves a vital public purpose in helping to bridge the credit gap for small business. By providing small businesses with access to long-term credit, this program takes action in situations where the market doesn't produce an efficient allocation of resources.

9. Minority Business

a) I am intrigued by the President's proposal to transfer the Minority Business Development Agency to SBA. But, to date, I've heard very little about SBA's plans to implement such a move, although I have previously asked your agency to do so.

b) Before the Committee takes action on the total budget proposal, details of how this transfer would work to the advantage of the agency and the minority business community will be needed. What are your plans for implementing this merger?

ANSWER: My understanding is that an Agency Task Force has been established to identify issues and tasks related to the transfer and to develop plans for implementing this merger. I will strive to keep the Committee apprised of SBA's progress toward implementation of this proposal.

10. 8(a) Pilot Program

a) The 8(a) Pilot Program was reauthorized on October 27, 1986 under Public Law 99-567. We are now approaching 90 days beyond the statutory deadline for naming a pilot agency. Committee staff has been told that OMB has forwarded a recommendation to the President. Can you find out just what is the problem and when an agency will be designated?

ANSWER: As I understand it, a recommendation to name the Department of Transportation as the Pilot Agency has been forwarded to the President.

b) Has SBA made plans to make up for lost time in getting the pilot program going once an agency is named? Please be as specific as possible.

ANSWER: I'm not aware of the specifics of this situation but will make implementation of the pilot program a top priority.

The CHAIRMAN. Senator D'Amato.

STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO. Mr. Chairman, I would ask that I be permitted to put my full statement in the record as if read in its entirety.

I would like to take this opportunity to do two things. First of all, to say that I think that this is a wise recommendation, a good recommendation for a good and decent man of great integrity, who understands, Mr. Chairman, the problems of the small business community, particularly those of the rural sections of our country, problems that, if anything, need the most attention and have been the most neglected.

There is no other human being whom I have met who is a more decent individual than Jim Abdnor. I think Democrats and Republicans, colleagues in the Senate and in the House, would echo that same sentiment.

And it is his sense of decency, integrity, and compassion that he has demonstrated over the years in his public service that will really serve the leadership of the SBA and the small business community in this country magnificently.

Second, Mr. Chairman, if I might put on another hat, Jim was Chairman of the Joint Economic Committee. To symbolize the kind of love and devotion that his staff has had for Jim, they have asked me to make a presentation in proud recognition of the leadership that he provided: A golden gavel and a plate for that leadership.

Jim, it is my pleasure to make this presentation, and we hope that you will keep this gavel and this plate on your desk as SBA Administrator.

[Applause.]

The CHAIRMAN. You have been nominated less than 48 hours and already taken gold. [Laughter.]

[The prepared statement of Senator D'Amato follows:]

STATEMENT BY SENATOR ALFONSE M. D'AMATO

SENATE COMMITTEE ON SMALL BUSINESS

MARCH 12, 1987

MR. CHAIRMAN, I WANT TO WELCOME OUR DISTINGUISHED COLLEAGUE FROM SOUTH DAKOTA, SENATOR JAMES ABDNOR, AND MR. CHARLES GILLUM TO THE SENATE SMALL BUSINESS COMMITTEE THIS MORNING. SENATOR ABDNOR HAS BEEN NOMINATED BY THE PRESIDENT TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION AND MR. GILLUM TO BE INSPECTOR GENERAL. I AM CONFIDENT THAT THESE NOMINEES WILL SERVE THE SMALL BUSINESS COMMUNITY WELL.

FOR THE PAST SEVERAL YEARS, CRITICS OF THE SBA HAVE ATTEMPTED TO DISMANTLE THE AGENCY. FORTUNATELY, THE CONGRESS HAS THWARTED THESE ATTEMPTS AND MAINTAINED THE VIABILITY OF THE AGENCY. THE CHAIRMAN AND RANKING MEMBER OF THIS COMMITTEE HAVE BEEN AT THE FRONT OF THIS BATTLE. HOWEVER, WE NOW NEED A STRONG ADVOCATE AT THE HELM OF THE SBA TO TURN THINGS AROUND.

THE IMPORTANCE OF SMALL BUSINESS IN THE UNITED STATES CANNOT BE UNDERSTATED. A FEW FACTS ILLUSTRATE THIS POINT:

* SMALL BUSINESSES EMPLOY 48% OF THE U.S. WORKFORCE;
* THESE FIRMS PRODUCE 38% OF OUR GNP;
* MORE THAN 700,000 PERSONS WILL START A SMALL BUSINESS THIS YEAR; AND

72-809 O - 87 - 2

* SMALL BUSINESSES ACCOUNT FOR 80% OF ALL NEW JOBS.

AS WE FIGHT TO REDUCE OUR SPIRALING TRADE DEFICIT AND TO REVITALIZE THE COMPETITIVENESS OF AMERICAN BUSINESS, WE MUST ENCOURAGE OUR CITIZENS WHO ARE GIFTED WITH ENTREPRENEURIAL SKILLS AND GOOD AMERICAN KNOW-HOW. THESE ARE THE MEN AND WOMEN WHO WILL HELP PROVIDE THE EDGE IN MAINTAINING U.S. COMPETITIVENESS. THESE ARE THE PEOPLE THAT CONGRESS WANTED TO ASSIST WHEN IT CREATED THE SBA.

UPON CONFIRMATION, I AM CONFIDENT THAT JIM ABDNOR WILL ESTABLISH A STEADY COURSE FOR THE SBA. AS VICE CHAIRMAN OF THE JOINT ECONOMIC COMMITTEE, SENATOR ABDNOR LABORED TIRELESSLY PROMOTING A PARTICULAR TYPE OF SMALL BUSINESSMAN -- THE FAMILY FARMER. AS A RANCHER HIMSELF, SENATOR ABDNOR FULLY UNDERSTANDS THE EFFORT, DEDICATION AND SACRIFICES NECESSARY TO OPERATE A SUCCESSFUL SMALL BUSINESS.

MR. CHAIRMAN, SENATOR ABDNOR'S AND MR. GILLUM'S ACCOMPLISHMENTS EQUIP THEM WELL FOR THE POSITIONS TO WHICH THEY HAVE BEEN NOMINATED. I LOOK FORWARD TO WORKING WITH THEM IN THE FUTURE.

MR. CHAIRMAN, IF I MAY SWITCH HATS -- AND COMMITTEES -- FOR A MOMENT, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO MAKE A SMALL

PRESENTATION IN RECOGNITION OF HIS DEDICATION TO THE JOINT ECONOMIC COMMITTEE. ON BEHALF OF THE REPUBLICAN STAFF OF THE JEC, I AM PROUD TO PRESENT TO JIM ABDNOR A GAVEL AND GAVEL PLATE. HIS LEADERSHIP MAY BE MISSED ON THE COMMITTEE BUT IS WELCOMED AT THE SBA.

THANK YOU, MR. CHAIRMAN.

The CHAIRMAN. Senator Pressler, the senior Senator from South Dakota, would like to introduce his former colleague.

Senator Pressler.

STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator PRESSLER. Thank you very much, Mr. Chairman. I have a statement for the record.

I just want to say it is a pleasure to be able to be here with Senator Abdnor. It is most gratifying that after an extremely stormy year we will finally have an Administrator of the Small Business Administration who will be dedicated to restoring internal morale and external confidence in the agency.

This will be a tremendous undertaking, but I can think of no individual better suited for the task than Senator Jim Abdnor.

Second, it is a distinct personal pleasure to have the opportunity to introduce to this Committee my good friend and long time colleague, Jim Abdnor.

As the old saying goes, this is a man who needs no introduction. I have worked side by side with Jim since first coming to Congress in 1975 when we were both members of the House of Representatives.

Together we represented the people of South Dakota as members of both the House of Representatives and the Senate for more than a decade.

Jim's dedicated public service spans more than 30 years. In fact, he started in the State Senate when I was a freshman in high school in 1956. He served in that capacity for 12 years before becoming the State's Lieutenant Governor. He then came to Congress where he represented South Dakota for four terms in the House and one in the Senate.

As has already been pointed out, his experience is diverse. Before entering public office Jim was a teacher. He grew up on and still owns and operates a farm. He spent his childhood working in his father's store.

Jim knows firsthand what our small business community means to the future strength of the Nation. South Dakota benefited greatly from his selfless service. The Nation will now be equally fortunate.

Jim has proved himself as a strong advocate for small business. He was awarded the National Federation of Independent Business Guardian of Small Business Award every year he served in the Senate. Congress and the Administration have listened to him when he took the lead on issues critical to small business.

As Chairman of the Appropriations Subcommittee on Treasury, Postal Service and General Government, Jim was the leader in the successful effort to force the IRS to repeal a regulation requiring farmers, ranchers and small business owners to keep cumbersome detailed logs to substantiate business use of vehicles.

When the SBA's Surety Bond Program ran out of authority shortly before the end of last fiscal year, Jim proposed legislation to increase the program's funding level. Congress accepted the proposal, and this year the Administration recommended increasing

the funding level for the coming fiscal year in keeping with his legislation.

Jim is a fighter who has been a consistent supporter of the SBA. While in Congress, he consistently voted against proposals to eliminate the Agency. Indeed, he accepted this nomination only after he gained assurances that the Agency would retain its independent status.

He has indicated that his initial objective as Administrator will be to restore confidence in and boost morale at the SBA.

I am proud that the President has selected my good friend Jim Abdnor to be the next Administrator of the SBA. I am confident that this Committee and the Senate will join me in wishing him all of the best.

His experience and talent will be an invaluable source of strength for the Agency and for the Nation's small business.

His perspective and drive are exactly what the SBA needs now to put past controversies behind and to help guide it into a new era of service to America's small business.

Mr. Chairman, I am very proud to present Jim Abdnor.

[The prepared statement of Senator Pressler follows:]

STATEMENT OF SENATOR LARRY PRESSLER
INTRODUCING SENATOR JAMES ABDNOR
BEFORE THE
SENATE COMMITTEE ON SMALL BUSINESS
CONFIRMATION HEARING OF SENATOR ABDNOR
TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION
MARCH 12, 1987

I WANT TO THANK THE CHAIRMAN FOR CALLING THIS CONFIRMATION HEARING IN SUCH A TIMELY FASHION. I AM EXTREMELY PLEASED TO BE HERE THIS MORNING FOR TWO REASONS.

FIRST, IT IS MOST GRATIFYING THAT AFTER AN EXTREMELY STORMY YEAR, WE WILL FINALLY HAVE AN ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION WHO WILL BE DEDICATED TO RESTORING INTERNAL MORALE AND EXTERNAL CONFIDENCE IN THE AGENCY. THIS WILL BE A TREMENDOUS UNDERTAKING, BUT I CAN THINK OF NO INDIVIDUAL BETTER SUITED FOR THE TASK THAN SENATOR JIM ABDNOR.

SECOND, IT IS A DISTINCT PERSONAL PLEASURE TO HAVE THE OPPORTUNITY TO INTRODUCE TO THIS COMMITTEE MY GOOD FRIEND AND LONG TIME COLLEAGUE, JIM ABDNOR. AS THE OLD SAYING GOES, THIS IS A MAN WHO NEEDS NO INTRODUCTION. I HAVE WORKED SIDE BY SIDE WITH JIM SINCE FIRST COMING TO CONGRESS IN 1975. TOGETHER, WE REPRESENTED THE PEOPLE OF SOUTH DAKOTA AS MEMBERS OF BOTH THE HOUSE OF REPRESENTATIVES AND THE SENATE FOR MORE THAN A DECADE.

JIM'S DEDICATED PUBLIC SERVICE SPANS MORE THAN 30 YEARS. HIS CAREER IN PUBLIC OFFICE BEGAN IN THE SOUTH DAKOTA STATE SENATE IN 1956. HE SERVED IN THAT CAPACITY FOR 12 YEARS BEFORE BECOMING THE

STATE'S LIEUTENANT GOVERNOR. HE THEN CAME TO CONGRESS WHERE HE REPRESENTED SOUTH DAKOTA FOR FOUR TERMS IN THE HOUSE AND ONE IN THE SENATE.

HIS EXPERIENCE IS DIVERSE. BEFORE ENTERING PUBLIC OFFICE, JIM WAS A TEACHER. HE GREW UP ON AND STILL OWNS AND OPERATES A FARM. HE SPENT HIS CHILDHOOD WORKING IN HIS FATHER'S STORE. JIM KNOWS FIRST HAND WHAT OUR SMALL BUSINESS COMMUNITY MEANS TO THE FUTURE STRENGTH OF THE NATION. SOUTH DAKOTA BENEFITED GREATLY FROM HIS SELFLESS SERVICE. THE NATION WILL NOW BE EQUALLY FORTUNATE.

JIM HAS PROVED HIMSELF AS A STRONG ADVOCATE FOR SMALL BUSINESS. HE WAS AWARDED THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS "GUARDIAN OF SMALL BUSINESS" AWARD EVERY YEAR HE SERVED IN THE SENATE. CONGRESS AND THE ADMINISTRATION HAVE LISTENED TO HIM WHEN HE TOOK THE LEAD ON ISSUES CRITICAL TO SMALL BUSINESS.

AS CHAIRMAN OF THE APPROPRIATIONS SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT, JIM WAS A LEADER IN THE SUCCESSFUL EFFORT TO FORCE THE IRS TO REPEAL A REGULATION REQUIRING FARMERS, RANCHERS AND SMALL BUSINESS OWNERS TO KEEP CUMBERSOME, DETAILED LOGS TO SUBSTANTIATE BUSINESS USE OF VEHICLES.

WHEN THE SBA'S SURETY BOND PROGRAM RAN OUT OF AUTHORITY SHORTLY BEFORE THE END OF THE LAST FISCAL YEAR, JIM PROPOSED LEGISLATION TO INCREASE THE PROGRAM'S FUNDING LEVEL. CONGRESS ACCEPTED THE PROPOSAL AND THIS YEAR THE ADMINISTRATION RECOMMENDED INCREASING THE FUNDING LEVEL FOR THE COMING FISCAL YEAR IN KEEPING WITH HIS LEGISLATION.

JIM IS A FIGHTER WHO HAS BEEN A CONSISTENT SU-PORTER OF THE SBA. WHILE IN CONGRESS, HE CONSISTENTLY VOTED AGAINST PROPOSALS TO ELIMINATE THE AGENCY. INDEED, HE ACCEPTED THIS NOMINATION ONLY AFTER HE GAINED ASSURANCES THAT THE AGENCY WOULD RETAIN ITS IN-DEPENDENT STATUS. HE HAS INDICATED THAT HIS INITIAL OBJECTIVE AS ADMINISTRATOR WILL BE TO RESTORE CONFIDENCE IN AND BOOST MORALE AT THE SBA.

I AM PROUD THAT THE PRESIDENT HAS SELECTED MY GOOD FRIEND JIM ABDNOR TO BE THE NEXT ADMINISTRATOR OF THE SBA. I AM CONFIDENT THAT THIS COMMITTEE AND THE SENATE WILL JOIN ME IN WISHING HIM ALL THE BEST. HIS EXPERIENCE AND TALENT WILL BE AN INVALUABLE SOURCE OF STRENGTH FOR THE AGENCY AND FOR THE NATION'S SMALL BUSINESSES. HIS PERSPECTIVE AND DRIVE ARE EXACTLY WHAT THE SBA NEEDS TO PUT PAST CONTROVERSIES BEHIND AND TO HELP GUIDE IT INTO A NEW ERA OF SER- VICE TO AMERICA'S SMALL BUSINESS.

The CHAIRMAN. Thank you very much, Senator Pressler.
Senator Abdnor.

STATEMENT OF HON. JAMES ABDNOR, NOMINEE FOR ADMINISTRATOR, U.S. SMALL BUSINESS ADMINISTRATION

Senator ABDNOR. Thank you, Senator Bumpers, Senator Weicker, Senator D'Amato, and Senator Rudman.

First let me say thank you to Larry, Senator Pressler, for his kind words. We have worked closely together.

We are good friends coming from the same State. You have to be friends out in South Dakota, in the small State that it is, and we have been ever since coming to Congress. I guess we started together about 12 years ago. I got here a little ahead of Larry, but I want to thank all of the Committee, and Senator Baucus who just came in, for the kind words.

This has been a great moment up until now. I don't know what is going to happen from here on in. [Laughter.]

I deeply appreciate all of the kind remarks that have been made about me. I am afraid this is going to leave me some high marks to try to attain and keep, but I thank you for those comments, all of you, and it is a pleasure to be here this morning before this distinguished Committee on Small Business.

I am proud to be here as President Reagan's nominee for Administrator of the Small Business Administration, and hopefully I can present myself in such a manner as to earn your approval to send my nomination to the Senate for their confirmation.

Truly, this is an exciting moment for me. For over a quarter of a century I have served in the legislative branch of Government on both the State and Federal level, first as a State Senator and then as Lieutenant Governor, later as a U.S. Representative and as a U.S. Senator, but never have I served in the administrative branch. That sounds strange when I say Lieutenant Governor, but that is about all they did in South Dakota, was serve in the Senate, pick committees and preside. Now I am asking you for that opportunity.

I am confident that I can do the job that you have a right to expect of me. I sincerely believe that if confirmed I can take the Small Business Administration forward and make it a viable and progressive arm for small business.

Without question, the SBA has had some difficult times in the past year or so. However, I do believe these days are behind them, and the Agency is once again going forward.

There is a great need for this Agency, and I can assure you that if I didn't truly believe this I would not be here asking you for the opportunity to be its Administrator.

I know what small business is all about. I grew up in a small business environment in a very, very small community.

Both my parents were immigrants to this Country. When my father arrived in America, he came without having any formal education and with barely the means to cover his passage. Coming to America was the most important thing he could do.

As I was growing up, my father told me time and time again that America was the greatest country in the world because here you

could be who you wanted to be and do what you wanted to do. And he wanted that opportunity, and he found it here in America.

He began by peddling, carrying a couple of suitcases and a limited amount of merchandise house to house and even farm to farm. In a short while he graduated to a horse and buggy and expanded his business.

Also, he took up a homestead on 80 acres of land outside the very community where I have my home today. After he proved up his homestead he sold it, and used the money to erect a building in my hometown, and he had the good fortune to be able to convince some wholesalers to trust him with credit for merchandise.

This was in 1908 in Kennebec, SD, and his small store grew into a successful and a prosperous small business. You know, his building is still standing, but today it is deserted and run-down like so many main street buildings in the small towns across this Country.

And since SBA's origin in 1953, it has had a great track record. I am sure it would have made my father's life a lot easier had there been an SBA in those days.

Its sole mission is to promote and assist this nation's 14 million small businesses, which account for 97 percent of all businesses and annually create 80 percent of all of the new jobs. Senator, I need not tell this Committee because they've heard it before, but just this past week the Labor Department reported that the February unemployment rate in the United States stood at 6.7 percent for the third consecutive month.

You may recall, since some of you may have seen the article in The Washington Post section, the words were "strong job growth has suggested the economy is healthier than widely believed."

I think the significant point is that employment rose by 371,000 jobs in February, bringing the number of Americans with jobs to 111.4 million, but 75 percent of these people gaining employment got part-time jobs when they wanted to work full-time.

What I want to point out is that with the workforce growing at the rate of 371,000 people per month, the need to continually create new jobs is as great as ever and, moreover, if 80 percent of these new jobs are to come from small business, as they have in the past, small business needs a vibrant, active, helpful Small Business Administration.

If confirmed, I want to work with the Congress so we can keep small business on the move. I trust that my 8 years service in the House and my 6 years in the Senate will serve me well when it comes to working with you.

I can assure you, I do want your input. I want to work with all of you. My entire staff and I will be available to you at all times. I know how important it is that we all work together.

I readily admit that I have much to learn as an Administrator, but with a capable staff and hard work I really believe I can familiarize myself with the duties and the responsibilities quickly and can give the leadership needed to keep SBA moving ahead.

Now that the question of whether SBA will continue as an independent agency is settled, I am excited about its future, and I am anxious to take charge.

Confidence and improved morale are beginning to return to our dedicated employees, and I want to improve on this even more.

In my judgment, working together, coordinating our efforts, communicating with one another, working as a team, from the district office to the regional office to the central office and right up here to Congress, is imperative, and I promise you that it is going to be done.

I intend to work closely with our regional Administrators and our district officers. I want our programs to be the most effective and efficient ever, and to that end I intend a thorough review of all programs to make certain they are doing what they were enacted to do.

In these days of the budget crunch and the urgent need for deficit reduction, we can afford nothing less than top effectiveness and efficiency. SBA must be lean and fiscally responsible as well as independent.

The challenge to provide an ever-increasing working population with jobs necessitates an ever-expanding small business sector.

In the March 3 edition of the New York Times it carried an article headlined "Rural-Urban Gap Widening Again" and it cited a National Planning Association study that is showing that 86 percent of the 43 million jobs to be created by the year 2010 will be in metropolitan areas.

While I am concerned about the small businesses throughout our land and our country's economy as a whole, I am especially concerned about the economic situation in rural America where small business is the only business.

As our good Chairman, Senator Bumpers, mentioned, he and I are both very familiar with this situation. And we know out there in those rural areas individuals are moving out of rural America and moving into the metropolitan areas of the United States.

In 1986 I was vice chairman of the Joint Economic Committee, and I am pleased to see the staff here today, to present me with this very, very lovely gavel. I am overwelmed by it.

I assure you if I have any occasion to gavel down anyone, I will have it right at my side. It is a most exclusive one, the most exclusive one I ever had.

I should have had it back when I was trying to keep the Senate awake. [Laughter.]

In 1986, as vice chairman of the Joint Economic Committee, I chaired hearings on the revitalization of rural America. And let me tell you the economic picture is not bright.

You know, we used to say as goes agriculture, so goes America, and we all know how depressed the agricultural economy is.

I think it is a fair statement to make, and maybe I will get in trouble, but I think that we have got to admit that neither Republicans nor Democrats have an instant plan to bring back a healthy, prosperous agricultural economy, as of this moment.

Moreover, although it is difficult to admit, even a healthy, vibrant agriculture will not solve all of the problems of rural America.

Again, referring to the *Times* article by Mark Drabenstott, it states that while issues of rural America are often defined in terms of farming, agriculture makes up only 9 percent of the employment in non-urban counties.

Now, today many of the Governors of rural States are conducting programs to entice companies and small businesses to their States in order to create jobs.

In South Dakota our new Governor, George Mickelson, has prevailed upon the State legislature to increase the sales tax by 1 percent with the proceeds to be used for industrial development.

I am sure this kind of a program will be repeated over and over in the other States during the coming months. Rural States do have some of the most productive and capable workers available. They have advantages in space and resources waiting to be utilized.

Permit me to suggest, Mr. Chairman, that in encouraging the development of small business in America, we minimize the negative environmental, ecological and social impact on urban institutions and services which attend the mass migrations we have begun to witness.

Obviously a large portion of those 43 million jobs that I mentioned a little while ago are going to be needed in 2010 and are going to be developed in metropolitan areas, and we cannot slack off on our efforts there.

Members of the Committee, our challenge and the challenge of the Small Business Administration is to help existing small business to grow and expand. It is also to encourage entrepreneurs who demonstrate a strong potential for success to get their new business underway wherever they are located.

Many of the entrepreneurs are women and members of minority groups in our cities, suburbs and small towns.

In 1983 there were 3.3 million firms owned and operated by women. These firms generated $53 billion in receipts.

To encourage even more and better productivity, SBA's Office of Women's Business Ownership has enlisted Traveler's in sponsoring spring conferences on financial decision-making in nine of our SBA regions. A business expansion series is planned in the fall by this same group.

There are over 700,000 minority-owned businesses helping our Nation's economy. Many of these got their start in SBA-sponsored programs, including the 8(a), which in fiscal 1986 participated in $3.1 billion in contracts to over 1,500 approved participants.

As I said at the outset, I have a great challenge ahead of me, and I am excited and anxious to begin.

If I am confirmed and sworn into office, I will look forward to meeting with all of you individually and within the Committee.

I am equally anxious to work with the Committee staff members whom I greatly respect for their ability and their dedication.

So I want to thank you, Mr. Chairman, and the members of the Committee for this opportunity to appear here before you today.

Let me assure you it is an honor to be considered for this position and, of course, I will try to answer any questions you may have.

The CHAIRMAN. Thank you very much, Senator Abdnor.

Senator Abdnor, first of all, if you are confirmed by the Senate, will you faithfully execute the laws passed by the Congress regardless of any previous statements you have made or biases that you may have had?

Senator ABDNOR. I will.

The CHAIRMAN. Second, if you are confirmed by the Senate, do you promise to respond to requests from this Committee to appear and testify and, not only before this Committee, any other duly-constituted Committee of the Senate?

Senator ABDNOR. I do.

The CHAIRMAN. In order to conduct oversight review of the Small Business Administration, this Committee would require complete access to SBA documents and personnel.

Do you believe that documents or interviews with SBA employees should be denied to this Committee while pursuing its oversight activities for any reason?

Senator ABDNOR. I do not.

The CHAIRMAN. Have you had a chance to study the programs of the Small Business Administration so far, have you been doing a quick study?

Senator ABDNOR. It would have to be called very quick. I have an awful lot to learn.

The CHAIRMAN. I want to say that I applaud the statements you have just made about your commitment to the Small Business Administration, and I want to also ask you, do you feel that this Administration should have a continued independence after the expiration of the 3 year authorization period which expires in 1988?

Senator ABDNOR. I do, and that is why I asked for the position and agreed to take it.

The CHAIRMAN. Have you had any instructions from the President, OMB or anybody in the White House regarding the role of SBA or what your actions and attitude ought to be toward any program operated by SBA?

Senator ABDNOR. No, I have not. I have visited with OMB a little, but they have not, other than talk about their budget, told me that I had to do any one thing.

The CHAIRMAN. You are familiar with the experience we went through with Mr. Heatherly when he was appointed as an interim Administrator over there?

Senator ABDNOR. I vaguely know something about it.

The CHAIRMAN. Well, as you recall, he fired 6 Regional Administrators within 48 hours of taking over, and indicated that he was going to unilaterally, single-handedly, without so much as a by your leave of this Committee or the House Committee dismantle the Small Business Administration.

That met with some displeasure over here, as you know, Jim. And I just want to make sure that you have not had any marching orders from OMB especially, but from anybody else who participated in your nomination or with whom you have talked since then regarding a further dismantling of the Agency or any of its programs.

Senator ABDNOR. Mr. Chairman, let me assure you that I have not received any kind of thoughts on that at all from the Administration.

As a matter of fact, they gave me every reason to think it was full speed ahead, and I am taking them at their word.

The CHAIRMAN. That is encouraging and comforting to know.

Do you have any personnel changes in mind? Have you had an opportunity to get to know some of the personnel over in the Central Agency?

Senator ABDNOR. I have slowly been meeting with some of the people heading up the various divisions. I have a little office I have been borrowing from a friend downtown and have called them over.

I have never been in the building. I like what I see, but I have learned long ago that it takes more than one time around to make a judgment on someone's ability.

I intend to observe the whole group in the next 30-40 days. If you ask me that question at that time, I can give you some good and strong answers, and I intend to do whatever is necessary.

I think we have fine people there at this moment, but I will not hesitate to do whatever is necessary to make this workable.

The CHAIRMAN. You don't have any wholesale firings in mind?

Senator ABDNOR. No, none whatsoever at this moment.

The CHAIRMAN. We won't mind some firing. [Laughter.]

Senator Weicker, I will defer to you now.

Senator WEICKER. Thank you very much, Mr. Chairman. Jim, unfortunately we have lost a year as far as SBA is concerned ever since the Acting Administrator went in for whatever reasons, and I am not going to go over those now. The fact is a year has been lost in having an activist Agency out there.

And my question to you very simply is this. It relates to your commitment as Administrator. With a year of lost time and with two years left in this Administration, there is just an enormous job to do as far as SBA is concerned.

Now, I am going to lay the cards on the table. I don't see anything wrong with ambition. We are all in the business of Government and politics. None of us give up our rights, very frankly, as Americans because we are an Administration nominee for any position.

We can run for any office we want. I want to make that point clear. And I would never, and I am fairly certain also of the Chairman, ask you to disavow any rights that you have.

I am not addressing, therefore, the point from that direction, but, rather, from the direction that there is so darn much to do because a year has been lost. There is so darn much to do to restore the morale of the Agency and the faith of the small business community in the Agency. Very frankly, it is going to take every minute of your time between now and 1988.

And I have to tell you that just as bad as a commitment against the Agency would be a non-commitment.

I would like you to address the subject of your commitment as far as doing this job is concerned.

Senator. ABDNOR. Senator Weicker, I want to make this the best SBA period in the history of the organization. I say that very sincerely knowing it is a great challenge and hoping I am up to doing that, but I think there are some great people over there that really want to make it go, and that is what it takes, a great team.

I have had more invitations without even being in office than you can shake a finger at. I would like to go everywhere once I get

in, but I guess the first thing we have got to do is start getting our act together and moving forward.

I have never been accused of not being a worker or of not trying to get results, and I intend to spend all of my time on this job. I say that at this time.

Senator WEICKER. Do you look upon this as a 2-year commitment?

Senator ABDNOR. I certainly do.

Senator WEICKER. I have no further questions.

The CHAIRMAN. Senator Baucus.

Senator BAUCUS. Jim, you tell us that you have received no marching orders from the White House, OMB, or from anyone else in the Administration as to what you should or should not do with the SBA.

I would like to turn that around, that is, what mandate have you sought of the Administration, what assurances have you requested of the Administration, what do you want to do at the SBA that you have told the Administration of, and, second, what has the response been?

My concern is that there may not have been much discussion between you and the Administration over what your bailiwick is, and I am trying to determine the degree to which you have a vision, a sense of mission to the Agency, and what you have requested of the Administration?

Senator ABDNOR. I asked them that very question, Senator Baucus. I guess my greatest single concern in deciding whether I really wanted to be SBA Administrator, and even asking for it on my own behalf, was to know that they were sincere in wanting to retain the SBA as a separate independent Agency, and I am told that they do by all sides, that they have no intention now of trying to do away with it or of putting it into another department.

Senator BAUCUS. What would you like to do with the SBA? What staff assurances would you like to have or what budget assurances shave you requested?

Senator ABDNOR. Well, the last time I really sat down with the Administration, was when I was looking into whether I wanted the job.

Of course the budget is going to decide what I can do and can't do in a lot of things, but what I really want to do, as I said in my statement, is make the programs that we have effective.

I want to reach out to small business with every arm and every tentacle we have to assist these businesses, not only in loans, but in education and outreach programs.

I guess I want to establish some confidence that we are here to stay and we are here to help and work with the small business groups of this Country.

Senator BAUCUS. In response to Senator Weicker's question about the length of your commitment at the SBA, you said that you planned to stay 2 years and devote full-time at this time. Those were your words, "at this time."

What do those words "at this time" mean? Are you reserving a decision not to give that full commitment?

Senator ABDNOR. You have got to admit, that nothing is certain in this world. You can make the wrong statement ahead of time

and get thrown out maybe, but I have never taken a job without the thought of doing a good job.

Sure, I am a politician. You never frown when people kick your name around some, and I am always going to have a deep interest in politics. I may very well some day want to run, but right now my intent is to run a good small business organization. That is my number one desire.

I can't imagine anything coming up that would change that, but I am not one to swear away my life, that I will absolutely never do this or that. I hope you will take my word to the fact that now I really have no intention, but how can you tell what might happen in the future?

I don't know what we are talking about exactly, what office or anything else, but I may be interested in running again, I could well be, but I don't foresee running as Administrator of the SBA.

Senator WEICKER. What you are saying is the day may come when you might run against Senator Bumpers for President?

Mr. ABDNOR. Yes, who knows. [Laughter.]

The CHAIRMAN. Your confirmation may be in more trouble than you think. [Laughter.]

Senator BAUCUS. Thank you, Mr. Chairman.

The CHAIRMAN. Senator D'Amato.

Senator D'AMATO. I have no questions, Mr. Chairman.

Senator KASTEN. Mr. Chairman.

The CHAIRMAN. Senator Kasten.

Senator KASTEN. Can I just ask unanimous consent to insert a statement in the record? I am unable to stay further.

The CHAIRMAN. Senator Kasten, I intended to say after Senator Abdnor testified and forgot, that all members who came in after the testimony began who have opening statements may, without objection, submit them for the record.

Senator KASTEN. I so submit my statement, Mr. Chairman, and I thank you very much.

The CHAIRMAN. Thank you very much.

[The prepared statement of Senator Kasten follows:]

STATEMENT OF SENATOR ROBERT W. KASTEN, JR.

NOMINATION OF HONORABLE JAMES ABDNOR FOR APPOINTMENT AS THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

Committee on Small Business

March 12, 1987

Thank you, Mr. Chairman. I am pleased that we have before us a former colleague, now nominated by the President for appointment as the Administrator of the Small Business Administration. I congratulate Jim on his nomination and the President for putting before us a former colleague who has been so supportive of small business.

I have known and worked with Senator Abdnor in the past as have most of the Members of this Committee. He is hard-working and I believe his personable style will stand him in good stead as he leads the SBA forward.

I note that Senator Abdnor would not have accepted the nomination if it had entailed scrapping the SBA. He instead will work to strengthen the agency and build its morale. In doing this I look for positive relations to develop within the agency, within the Administration, and with the Congress.

72-809 O - 87 - 3

Both as a Member of the House of Representatives for 8 years and in the Senate, Senator Abdnor has been a consistent ally of small business. His voting record received high marks from small business groups. I look forward to working with Senator Abdnor in his position as Administrator of SBA as we all pull together for the good of small business, which is such an important part of the fabric of our economy.

The CHAIRMAN. Senator Boren.

STATEMENT OF HON. DAVID L. BOREN, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator BOREN. Mr. Chairman, I don't have any questions. I simply want to say that I am very reassured by all of the answers that Senator Abdnor is giving, except the answer to the last question, the last part of it, but I appreciate his statement of commitment to the Agency to work full out over the next 2 years to have a good Administration there.

I also appreciate his commitment to maintaining the independent identity of the SBA, and I think that is very important.

And I just want to say that, of the people that I have had the privilege of serving with in the Senate, that no one exceeds Jim Abdnor in terms of his personal integrity and I think a true feeling of wanting to perform public service.

He has demonstrated that, again and again, on all items with which I have worked with him, and I am very, very pleased that the President has decided to send his name forward.

Senator ABDNOR. Thank you, Senator Boren.

The CHAIRMAN. Senator Rudman.

STATEMENT OF HON. WARREN RUDMAN, A U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator RUDMAN. Thank you, Mr. Chairman. I just want to say to the Chairman I am delighted to serve under his leadership in this Committee and I am sure, if what I read in the papers is accurate, that when I have problems with what is going on in the Committee we will meet up in New Hampshire on the weekends and we will talk. [Laughter.]

The CHAIRMAN. I have been Chairman 2 months, and this Committee is already out of control.

Senator RUDMAN. Well, Senator Weicker could never keep it under control, why should you.

I want to say to Jim Abdnor just briefly that during the 6 years we served together I cannot think of a Member of the Senate that was more devoted or agonized more over his constituency during that 6 years.

His constituency at that time was agriculture. His constituency, if he is confirmed, will be small business, and I would expect, knowing Jim as I know him, that he will have the same dedication and suffer the same agony about the plight of small business that needs help as he did over agriculture.

I think the best measure of someone who is to hold that kind of a position, more than anything else, is their compassion for the job they do and, Jim Abdnor, certainly we all have seen that over 6 years.

So I am delighted to see this appointment sent up by the President, and I am looking forward to voting for Jim's nomination on the Floor.

Senator ABDNOR. Thank you very much.

The CHAIRMAN. Thank you, Senator Rudman.

Senator Bond.

STATEMENT OF HON. CHRISTOPHER S. BOND, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator BOND. Thank you, Mr. Chairman. Jim, we are delighted to see you here and to see this nomination. I know that you have not only gained respect of your colleagues in your service before I arrived, but I am delighted that you have had State government experience as well.

And I would say that, in following up on Senator Rudman's comments, that your experience in agriculture may give you particular insight into the needs of our rural communities where the decline in agriculture has made the strengthening of the small business structure even more important.

There is one area where I have been concerned that, perhaps, we have not had adequate attention from the Small Business Administration, which I find as I travel my home State and talk with people in small business, both in the metropolitan and the rural areas. That issue is the willingness of the Small Business Administration to act as an advocate, to speak out on behalf of those unwise Federal impediments, restrictions, limitations, that make it more difficult for the small businesses in America to create the jobs that we must have.

And I would be interested in hearing your views as to what you think your role should be as an advocate or as a facilitator of concerns by small business to the Congress and the Administration.

Senator ABDNOR. Thank you, Senator Bond. You are right, I do think that I have to be a strong advocate of small business and pay close attention to their concerns and interests.

The White House Conference on Small Business lists, I think, 60 goals. The previous one went a long way toward addressing the concerns raised by small business. I hope we can do the same with this year's list.

I might say that the Small Business Administration does have an Advocacy division. As you know, that position is filled by Presidential appointment and confirmed by this Committee.

I know Mr. Swain is doing an excellent job. I intend to support him fully and carry our own part of the advocacy to tell our story.

What is it, I used to know that figure, something like less than 7 percent of the people live on 90 percent of the land. A lot of those city people don't understand sometimes the frustrations of rural Americans and small businesses in general.

And we need to keep forever reminding people and telling our story of what smallness is. It isn't in terms of the big like a lot of people think. It is shocking to realize that 80 percent of the new jobs created come from small business.

So we want to repeat that and make people realize the need for it. If we are really going to keep people employed in this Nation at the rate I spoke of, 370,000 every month needing new jobs, it is going to come from small business.

And I hope I can impress that upon you and the Congress, because you are a powerful force in solving some of our problems, through the Small Business Administration at least.

And I will be up here bothering you. I want to meet with you whenever you want to meet with me, and we can talk about these things and what needs to be done.

Senator BOND. I hope that you will be able to carry through on that because I personally believe that for all the good we might do through the direct programs of the Small Business Administration, if you and the advocates of small business do not continue to remind us, we may do more harm in other legislation, where we forget about the impact on small business, than we do in providing for direct assistance to small business through the SBA.

Senator ABDNOR. Thank you. I am sure you will be a great help to us, and I am looking forward to working with you.

Once we get this thing rolling, I hope I can spend more time meeting individually with you and your staffs, and we are happy to do that.

Working together we will examine all of our problems and what we need to do to solve them.

Senator BOND. Thank you, sir. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Bond.

Senator Pressler, do you have any additional comments or questions?

Senator PRESSLER. I would like to submit some questions for the record, but I will ask one.

Jim, one of the new initiatives that this Committee is considering is the creation within SBA of a staff of international trade counselors.

These advocates would help the small business person through the reams of redtape associated with foreign trade.

Do you feel such a plan would help the small business community and would you be in support of it?

Senator ABDNOR. Yes. I mean, I know this international trade in small business comes up a lot, and I haven't yet fully decided what all we can do, but I do know that outreach and education and making small businesses aware of what opportunities they may have overseas in international trade is a big job.

I think a lot of our small businesses are almost afraid to get involved. And maybe for a while we do need a lot of outreach and education programs to encourage them to export, and to bring all of our agencies and departments that work in international trade together to provide information to small business. I am going to spend a lot of time on this.

I might say one thing, though. It is awfully easy to add people, to require additional staff from the top out to the districts, and then not put the extra dollars in for it.

I mean last year we beefed up the veterans department by putting people at the regional levels. That is more manpower, and what you are saying is good, but if we do add a lot of new manpower for staffing and all, I might remind us that it does take some dollars to carry those additional programs through.

Senator PRESSLER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Pressler.

Senator PRESSLER. As I mentioned, I would ask that I be allowed to submit additional questions for the record.

The CHAIRMAN. Yes, your questions may be submitted for the record.

[Material follows:]

QUESTIONS FOR JIM ABDNOR
Submitted by Senator Pressler

(1) AT THE TIME THE PRESIDENT ANNOUNCED HIS INTENTION TO NOMINATE YOU FOR THE POST OF ADMINISTRATOR, YOU INDICATED YOUR BELIEF THAT THE SBA SHOULD RETAIN ITS INDEPENDENT STATUS. YOU REITERATED THAT VIEW TODAY. WHY DO YOU FEEL THE SBA CAN BETTER SERVE SMALL BUSINESS AS AN INDEPENDENT AGENCY RATHER THAN PART OF THE COMMERCE DEPARTMENT WHICH IS HEADED BY A MEMBER OF THE PRESIDENT'S CABINET?

SBA is small business' forum for representation at the federal level. I believe the independent status issue strikes at the very core of SBA's existence. By retaining SBA's independence, the federal government has recognized the importance of having a government agency with which small businesses can readily and exclusively identify. In my estimation, the independence issue is fundamental to the purpose for which SBA was created and that is to serve small businesses. I believe the only way that can be achieved is by giving SBA a high profile at the top level of government.

(2) IN YOUR STATEMENT, YOU TALK OF THE IMPORTANCE OF STIMULATING SMALL BUSINESS IN RURAL AREAS. YOU AND IT HAVE ALWAYS REPRESENTED RURAL INTERESTS. WITH THIS BACKGROUND, DO YOU BELIEVE YOU CAN ADEQUATELY UNDERSTAND AND REPRESENT THE NEEDS OF THE URBAN SMALL BUSINESS COMMUNITY?

I'm prepared to serve both urban and rural small business constituencies. The fact that I represented a rural state in Congress will serve me in well in striving to slow the outmigration in rural areas. By the same token, I'm looking forward to the challenge of continuing to stimulate a favorable small business climate in urban areas.

(3) ONE OF THE NEW INITIATIVES THIS COMMITTEE IS CONSIDERING IS THE CREATION, WITHIN SBA, OF A STAFF OF INTERNATIONAL TRADE COUNSELORS. THESE ADVOCATES WOULD HELP THE SMALL BUSINESS PERSON THROUGH THE REAMS OF RED TAPE ASSOCIATED WITH FOREIGN TRADE. DO YOU FEEL SUCH A PLAN COULD HELP THE SMALL BUSINESS COMMUNITY?

GETTING BACK TO THE ISSUE OF RURAL VERSUS URBAN SMALL BUSINESS, WHICH SECTOR--IF EITHER--DO YOU FEEL WOULD BENEFIT MORE FROM SUCH A PROPOSAL?

In these days of fiscal restraint, I believe the question of this agency's role in the area of international trade should be carefully examined before programmatic changes are made. Clearly, it is in the best interests of the taxpayers and those who we are trying to serve if government efforts on the trade front are coordinated. I intend to review SBA's activity in this area to determine what our level of involvement should be. I would hope that SBA involvement would benefit both urban and rural small businesses.

(4) AS YOU KNOW, ONE OF THE WAYS IN WHICH THE ADMINISTRATION HAS PROPOSED TO REDUCE THE DEFICIT IS THROUGH THE SALE OF LOAN ASSETS WITHOUT RECOURSE. HOW DO YOU FEEL ABOUT SUCH PROPOSALS EVEN IF IT MEANS THE GOVERNMENT WOULD REALIZE A RETURN OF THIRTY CENTS ON THE DOLLAR OR LESS?

The SBA is currently in the process of hiring an outside investment advisor to assist it in all aspects of developing a marketing plan for the sale to investment markets of the loans described above. The first task of SBA's investment advisor is to assist SBA in the development of a comprehensive management plan for the sales of loan assets contemplated. SBA will review the plan in consultation with the Office of Management and Budget and the Department of Treasury and after any necessary modifications, may adopt the plan to serve as the overall strategy for loan asset sales.

(5) ASIDE FROM RESTORING INTERNAL MORALE AND EXTERNAL CONFIDENCE IN THE SBA, COULD YOU TELL THE COMMITTEE WHAT YOU SEE AS YOUR MAJOR GOAL AS ADMINISTRATOR OF THE AGENCY?

As Administrator, my principal goal is to operate our statutory programs in the best manner possible. I hope to continue down the path of better using private sector resources to make SBA programs more efficient and cost effective. I will regularly advise Senior White House staff and members of the Cabinet concerning the state of small business and how national policies affect the small business community.

The CHAIRMAN. Senator Abdnor, I have been advised that it will be 6 or 7 days before the ethics and financial disclosure report will be submitted to this Committee.

So we are not prepared to vote on the confirmation this morning. My suggestion would be and my thought would be that as soon as it is received and every Member has an opportunity to see it, then we will either try to convene a meeting of the quorum of the Committee as quickly as possible and vote on the confirmation.

My guess is that we can find a time when we are voting over on the Floor sometime and just notify everybody a few minutes ahead of time to meet off the Floor to vote on the confirmation.

We thank you for your statement. We thank you for your answers to all of the questions this morning, Senator Abdnor. We look forward to your service as Administrator of this agency, and we look forward to working closely with you on it.

And with that we will call our next witness. Is Mr. Gillum here? Did you have anything additional?

Senator ABDNOR. I just want to say, I want to thank you, Mr. Chairman, and all the Committee for the consideration and the kindness you have shown me this morning.

I just once again want to assure you I am going to do the very best job I can possibly do.

The CHAIRMAN. Thank you very much, Senator Abdnor.

[Material follows:]

STATEMENT OF SENATOR SASSER

Mr. Chairman, I want to lend my support to the confirmation of my former colleague, Senator Jim Abdnor, to be the new Administrator of the Small Business Administration (SBA).

I believe that Senator Abdnor's confirmation is in one sense long overdue. For too long -we have had an acting Administrator whose main function has been to try to tear down the SBA rather than build on its many and varied capabilities to help small business in this country.

I believe that Jim Abdnor will help reverse that trend. I recently had the chance to meet with Senator Abdnor and express my various concerns about the need for a strong Small Business Administration. In light of our meeting, I believe that Jim Abdnor will do his level best to restore a sense of balance to the SBA.

As a long-standing member of the Senate Small Business Committee, I have firmly believed in the enduring value of a strong and vibrant SBA. Over the years, I have helped many Tennessee small businesses get their start with a strong assist from the SBA. Time after time I have seen the Small Business Administration provide the technical and fiscal resources that can help a small business get on its feet and eventually become a strong, growing enterprise.

Perhaps most importantly the SBA is really the only friend that small business has in the Federal government. It works, or it should work, to make all federal agencies attuned to the needs of small business, whether it be in the area of procurement, tax

laws, regulations, employment policies or the like, the SBA exists to promote the health of small business. In fulfilling this task, it helps sustain long-term economic growth in this country.

I know that Senator Abdnor shares these views with regard to SBA. I expect that he will be a full-time hard-working Administrator. I know that he will take prompt and forceful steps to insure that those in SBA who are not serving the best interests of American small business will make a quick exit so that we can once again get on with the job of making SBA work for the betterment of small business in Tennessee and the nation.

I urge the Committee to take expeditious action in approving the nomination of Senator Jim Abdnor to be Administrator of the Small Business Administration.

NSBU NATIONAL SMALL BUSINESS UNITED

"Serving America's small businesses since 1937"

President

Jack Gardner
Milwaukee, WI

Vice President

James Lagos
Springfield, OH

Secretary

Lewis A. Shattuck
Waltham, MA

Treasurer

Stevan A. Wolf
Westville, NJ

Exec. Vice-President

George A. Abbott
Omaha, NE

STATEMENT

OF

NATIONAL SMALL BUSINESS UNITED

SUBMITTED TO THE

SENATE COMMITTEE ON SMALL BUSINESS

HOLDING HEARINGS ON THE

NOMINATION OF JAMES ABDNOR AS SBA ADMINISTRATOR

MARCH 12, 1987

1155 15th Street N.W. Suite 710, Washington, DC 20005 (202) 293-8830

STATEMENT
OF
NATIONAL SMALL BUSINESS UNITED
SUBMITTED TO THE
SENATE COMMITTEE ON SMALL BUSINESS
HOLDING HEARINGS ON THE
NOMINATION OF JAMES ABDNOR AS SBA ADMINISTRATOR
MARCH 12, 1987

Mr. Chairman and Members of the Committee:

This statement, in support of the nomination of former Senator James Abdnor, for the position of Administrator of the Small Business Administration, is being submitted by National Small Business United (NSBU). NSBU is a new national trade association formed from the recent merger of the National Small Business Association, a multi-industry trade association founded in 1937, with Small Business United, a coalition of regional, state and metropolitan small business associations organized in 1981. NSBU represents 55,000 small businesses nationwide.

It is our firm hope that Mr. Abdnor will be quickly and overwhelmingly confirmed by the Committee and the full Senate. We are persuaded that he will serve the small business community well and capably as SBA Administrator. NSBU, and indeed the entire small business community, has been eagerly awaiting his nomination and we look forward to working with the new Administrator as soon as he is confirmed.

It is NSBU's intention to assist Mr. Abdnor in every way possible in order that the small businesses of this country receive the consideration and attention they deserve from the Small Business Administration.

Mr. Abdnor has built up a solid reputation in South Dakota with over three decades in public office. He served in the State Senate for 12 years, one term as Lieutenant Governor, eight years in the U.S. House of Representatives, and six years in the U.S. Senate. He is perceived as an honest, effective public figure and is known for his political integrity.

As a U.S. Senator, he sponsored and supported numerous small business bills. Specifically:

-- Mr. Abdnor introduced S. 245 which repealed the requirement that contemporaneous records be kept to substantiate certain deductions and credits and voted for final passage of the final bill, H.R. 1869.

-- Mr. Abdnor voted for final passage of S. 498, Small Business Administration Authorization, Fiscal 1986-88, as amended by the Weicker substitute.

-- Mr. Abdnor voted for final passage of S. 1487, Equal Access to Justice, awarding attorneys' fees to individuals and small businesses who prevail in legal disputes with the U.S. government.

-- Mr. Abdnor introduced S. 57, the Deficit Reduction Act, which mandated steady progress over a nine-year period toward a balanced budget and granting the President defined power to rescind spending authority.

-- Mr. Abdnor co-sponsored S. 100 to regulate interstate commerce by providing for a uniform product liability law.

Mr. Abdnor has consistently voted to support the SBA and opposed Administration proposals to cut the agency's budget. The Washington Post of December 24, 1986, quotes Mr. Abdnor in an interview as having said: "I want to restore confidence back in it [the SBA] and boost the morale of the people". We also applaud Mr. Abdnor for statements we have read in the press to the effect that he would not have considered accepting the nomination if the job entailed dismantling the agency.

As a farmer/rancher, Mr. Abdnor has small business experience and is well-attuned to the hardships and problems experienced by small businesses. We believe that, as SBA Administrator, he will be responsive to the needs of the small business community. We are further convinced that Mr. Abdnor has the expertise to influence the initiation of programs designed to meet the needs of small business, and has the insight to speak out against those policies which would be detrimental to small business.

National Small Business United, without qualification, endorses the nomination of James Abdnor as SBA Administrator and we look forward to working closely with him in the weeks and months to come.

South Dakota - Junior Senator

James Abdnor (R)

Of Kennebec — Elected 1980

Born: Feb. 13, 1923, Kennebec, S.D.
Education: U. of Nebraska, B.A. 1945.
Military Career: Army, 1945.
Occupation: Rancher.
Family: Single.
Religion: Methodist.
Political Career: S.D. Senate, 1957-67; lt. gov., 1969-71; sought Republican nomination for U.S. House, 1970; U.S. House, 1973-81.
Capitol Office: 309 Hart Bldg. 20510; 224-2321.

In Washington: During his eight-year House career, Abdnor was oriented almost exclusively to constituents and local issues. He spent a large portion of his day escorting South Dakota tourists on personally guided tours of the Capitol.

Abdnor's personal interests still run that way. But in the Senate, as chairman of the Water Resources Subcommittee at Environment and Public Works, Abdnor has had a national policy role thrust upon him.

That new role has not been an easy one for Abdnor. After years as a member of the House minority, he still seems uncomfortable taking a leadership role in the Senate. The victim of a slight speech impediment, he does not always come across as articulate to his colleagues.

Moreover, the issues with which Abdnor has been struggling as chairman of the water resources panel are among the most contentious and regionally divisive political subjects to face any member. Congress had not passed an overall water policy bill for years before Abdnor took the subcommittee, and, despite his best efforts, did not by the end of 1984.

Abdnor got off to a relatively strong start as subcommittee chairman. He spent much of the 97th Congress working with a bipartisan group of legislators to prevent water policy from being dominated by Interior Secretary James G. Watt.

In 1981 President Reagan proposed creating a Cabinet council chaired by Watt that would be responsible for establishing guidelines on which water projects should be built. But many in Congress strongly opposed having water policy drafted by the Cabinet council, believing Congress would have no opportunity to offer recommendations. Abdnor, a loyal supporter of large-scale water projects, feared that despite Watt's pro-development viewpoint, the administration would look upon the projects as a target for budget-cutting.

As an alternative, Abdnor's subcommittee voted to establish a National Board of Water Policy. The board, independent of the Interior Department, would report directly to the president and Congress.

Congress would not accept Watt's council, and the administration would not accept Abdnor's board, so no new mechanism for making water policy was established in the 97th Congress — an outcome that was repeated in the following two years. The standoff meant that Congress continued to exercise its traditionally dominant role in setting priorities for water projects.

But the strength of conflicting water interests in the Senate and House proved to be an insurmountable obstacle to Abdnor's efforts to pass a comprehensive water bill in the 98th Congress. At first, things went well — Abdnor guided an $11 billion authorization through the Environment Committee in late 1983, while the House worked on a similar but more expensive proposal.

As the bill neared the Senate floor, however, problems appeared. The Reagan administration, which had backed the legislation's provisions requiring local beneficiaries to share in financing the costs of water projects, made clear early in 1984 that it did not want to force Western states to pay more. And the Finance and Energy committees expressed unhappiness about the parts of the bill over which they had jurisdiction.

That left Abdnor out in the cold. Despite his repeated pleadings, the Republican leadership refused to move the bill. In a last-ditch try at the end of the session, Abdnor worked out an alternative proposal with House Public Works Chairman James J. Howard of New Jersey. But Abdnor's move to attach that plan to an emer-

gency spending bill was rejected decisively by the Senate.

Still, Abdnor did have one significant victory on water issues in 1984. He was the chief Senate backer of a bill promoting research on water issues, and it cleared Congress easily. It was vetoed by President Reagan, but Abdnor's efforts to override the veto were rewarded with an 86-12 vote in the Senate, and the bill became law.

Abdnor also has played an important role at times in the Environment Committee's work on highway programs. Early in 1985, for example, he helped resolve a longstanding Senate-House dispute over local highway funding that had prevented regular Interstate highway money from reaching the states during the 98th Congress. When the panel returned to the measure in 1985, Abdnor moved to delete the 14 projects Senate sponsors had included, in hopes of pressuring the House to drop the 60 projects it favored. Although bill sponsors worried that the House would never accept a bill without any of these projects, Abdnor's amendment was approved, and the House eventually went along.

If water projects are important to South Dakota, farming is even more so, and Abdnor has devoted considerable effort to agricultural issues. While he does not serve on the Agriculture Committee, he has made the best of his assignments, serving on the Agriculture Appropriations Subcommittee and chairing the Joint Economic Committee's Agriculture Subcommittee.

Indeed, the JEC agriculture panel was Abdnor's own creation. Taking a seat on the joint committee in 1981, he was angered to discover it had no staff of experts on agriculture. So he insisted on a new subcommittee, which he used in the 98th Congress to hold extensive hearings on the state of the agricultural economy. One topic Abdnor stressed in the hearings was the use of agricultural tax breaks by non-farmers; curbing farm tax shelters, he argued, could save nearly $1 billion a year.

But Abdnor's work on agricultural issues could do little to ease the discomfort he showed in early 1985, when South Dakotans were among the most vocal advocates of emergency federal help for debt-ravaged farmers. The farm crisis — and the attempts by congressional Democrats to do something about it — put Abdnor in a difficult spot, as he tried to accommodate both his loyalty to President Reagan, who opposed the aid, and his own political concerns about re-election in 1986. His likely opponent in that campaign, Democratic Rep. Thomas A. Daschle, was the leading sponsor of farm credit relief in the House.

Faced with Daschle's conspicuous activity and heavy pressure from home — the state Legislature lobbied him en masse for his support — Abdnor said he had little choice but to join seven other Republicans in voting for the Democratic credit bill, which Reagan later vetoed. "When my farmers and every single member of the Legislature think that I should vote a certain way, by golly, I'm going to do it," he said. But he continued to defend Reagan's stance with as much enthusiasm as he could muster: "I think he's overly hard on the situation," he said. "Still, he's probably being very truthful to most of the people in the country."

At Home: Abdnor's outlook on life and politics is largely a reflection of his upbringing in Kennebec, a tiny and close-knit agricultural community with a county courthouse overlooking one dusty street at a clearing in the fields.

Born in Kennebec, Abdnor attended school there and returned after World War II to take over the family's ranching and farming business. He served in the state Senate for 12 years, became its president pro tempore and then lieutenant governor. Never considered a political powerhouse, Abdnor made his way mainly with his frank and folksy manner and his interest in his area's agricultural problems.

His career received a temporary setback in 1970 when he was upset for the GOP House nomination in the 2nd District, primarily because of his association with the unpopular administration of Republican Gov. Frank Farrar. But Abdnor came back two years later, winning both the nomination and election. Abdnor's status as the only Republican in South Dakota's congressional delegation ensured him solid party backing in his 1974 reelection attempt; withstanding a strong Democratic tide nationwide, he won convincingly, and had little trouble through the rest of the decade.

Since reapportionment cost South Dakota one of its two House seats, Abdnor had his choice of running for the Senate in 1980 or waiting to face Rep. Daschle of the 1st District in an at-large House election in 1982, when the two constituencies would be merged. With polls showing incumbent Democratic Sen. George McGovern vulnerable, Abdnor decided a Senate challenge was the best risk.

The only Democrat elected to three Senate terms in state history, McGovern before 1980 had never encountered even primary opposition. But warning signs that he was in danger appeared early. Taking advantage of the sup-

James Abdnor, R-S.D.

port of conservatives and anti-abortionists, McGovern's little-known primary opponent netted nearly 40 percent. Abdnor, meanwhile, easily took the GOP nomination.

The state's attention was directed to McGovern's liberal record throughout much of the fall campaign; Abdnor, playing up his mainstream conservatism, highlighted the ideological chasm separating the two candidates, while the National Conservative Political Action Committee (NCPAC) broadcast advertisements decrying McGovern's stands on everything from abortion to defense spending. Although Abdnor sought to disavow close connections with NCPAC, the group's attacks put the incumbent on the defensive and helped frame the terms of the campaign debate.

Abdnor emerged with a decisive victory. Leading the incumbent in all but three of the state's 66 counties, he exceeded 65 percent in much of the conservative territory west of the Missouri River.

Abdnor overcame a serious health problem late in 1978, when he underwent a successful coronary bypass operation. He has jogged a mile and a half a day in recent years.

Committees

Appropriations (9th of 15 Republicans)
Treasury, Postal Service and General Government (chairman); Agriculture, Rural Development and Related Agencies; Energy and Water Development; HUD-independent Agencies; Transportation and Related Agencies.

Environment and Public Works (4th of 8 Republicans)
Water Resources (chairman); Toxic Substances and Environmental Oversight; Transportation.

Select Indian Affairs (5th of 5 Republicans)

Joint Economic (Vice Chairman)

Elections

1980 General

James Abdnor (R)	190,594	(58%)
George McGovern (D)	129,018	(39%)

1980 Primary

James Abdnor (R)	68,196	(73%)
Dale Bell (R)	25,314	(27%)

Previous Winning Percentages: 1978* (56%) 1976* (70%) 1974* (68%) 1972* (55%)

* *House election.*

Campaign Finance

	Receipts	Receipts from PACs		Expenditures
1980				
Abdnor (R)	$1,814,124	$679,316	(37%)	$1,801,653
McGovern (D)	$3,396,209	$291,596	(9%)	$3,317,901

Voting Studies

	Presidential Support		Party Unity		Conservative Coalition	
Year	**S**	**O**	**S**	**O**	**S**	**O**
1984	88	10	92	7	100	0
1983	80	19	88	12	93	7
1982	78	17	88	10	96	2
1981	79	19	82	17	92	5
House service						
1980	31	48	73	8	75	6
1979	29	69	85	11	95	4
1978	27	61	75	16	79	8
1977	35	56	82	7	91	2
1976	71	27	83	12	90	6
1975	55	44	80	17	90	9
1974 (Ford)	50	41				
1974	58	36	72	24	82	14
1973	61	30	76	18	83	6

S = Support O = Opposition

Key Votes

Overturn Supreme Court decision legalizing abortion (1983)	Y
Allow chemical weapons production (1983)	Y
Create Martin Luther King Jr. holiday (1983)	N
Bar funding for MX missile (1983)	N
Permit school prayer (1984)	Y
Cut military aid to El Salvador (1984)	N
Keep tax indexing (1984)	Y
Retain funds for "Star Wars" defense research (1984)	Y
Authorize procurement of 21 MX missiles (1985)	Y

Interest Group Ratings

Year	ADA	ACA	AFL-CIO	CCUS
Senate service				
1984	15	96	9	74
1983	5	85	18	58
1982	10	96	9	74
1981	5	85	18	58
House service				
1980	11	72	6	77
1979	5	96	16	94
1978	20	91	22	75
1977	10	88	18	100
1976	0	74	26	88
1975	16	77	17	53
1974	4	67	18	70
1973	4	76	11	90

The White House,

MAR 10 1979

To the

Senate of the United States.

I nominate James Abdnor, of South Dakota, to be Administrator of the Small Business Administration, vice James C. Sanders, resigned.

MAR 10

Mr. David H. Martin
Director
Office of Government Ethics
Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415

Dear Mr. Martin:

Pursuant to § 734.604(c) of the Office of Government Ethics Regulations (5 C.F.R. § 734.604(c)), I am submitting herewith, as the Designated Agency Official for the Small Business Administration under the Ethics in Government Act, the required Financial Disclosure Report (SF 278; Rev. 1/85) and my review thereof of Senator E. James Abdnor, the nominee for Administrator of the Small Business Administration.

The principal issues that arose in the review of Senator E. James Abdnor's Report were

(1) the requirement of § 4(b)(1) of the Small Business Act (15 U.S.C. 633(b)) that "the Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator",

(2) the requirement of § 105.506(b)(1) of SBA's Standards of Conduct Regulations (13 C.F.R. 105.506(b)(1)) that continued direct or indirect SBA employee interests in small business investment companies be approved by SBA's Standards of Conduct Committee, and

(3) the requirement of § 105.510 of SBA's Standards of Conduct Regulations (13 C.F.R. 105.510) that every SBA employee receive clearance from the designated Agency authorities in order to engage in any significant outside activity, including positions of responsibility with community organizations or other nonbusiness entities.

The specific issues raised in the review of Senator Abdnor's Report and the resolutions thereof are as follows:

(1) Schedule A discloses a sole ownership of a farm in Lyman County, South Dakota.

We are advised that this is investment property . It has a full-time manager, and Senator Abdnor is not involved in the day-to-day operations of the farm.

(2) Schedule A discloses an investment interest in Abdnor Farms, Inc., which owns a 2-1/2 percent limited partnership interest in a partnership which holds a 100 percent interest in a small business investment company.

On March 10, 1987, the SBA Standards of Conduct Committee determined that in view of the small amount of the investment in relation to Senator Abdnor's net worth, and the indirect nature of the investment, that there would not be a conflict of interest, or the appearance thereof, if he retained that interest in the limited partnership after he becomes Administrator of SBA, provided he not be a party to any consideration of future assistance to the small business investment company (copy attached).

(3) Schedule D, "Positions Held," discloses that Senator Abdnor is a Director of Sky Ranch Foundation, Washington, D.C., a nonprofit educational organization.

A request for clearance of this nonbusiness outside activity will be submitted pursuant to § 105.510 of SBA's Standards of Conduct Regulations.

Based upon the foregoing, it is my opinion that Senator Abdnor's proposed position as Administrator of the Small Business Administration will not involve a conflict of interest under the Ethics in Government Act of 1978, as amended, the Small Business Act, as amended, the regulations promulgated thereunder, or other applicable conflicts or standards of conduct law.

Sincerely,

Martin D. Teckler
Deputy General Counsel

Enclosure

BCC: Arnold Interater, Counsel
Office of White House Counsel
Room 480 OEOB

Robert B. Webber

OFL/MFKinkead:lw 3/11/87

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

MAR 13 1987

Honorable Dale Bumpers
Chairman
Committee on Small Business
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by E. James Abdnor, who has been nominated by President Reagan for the position of Administrator of the Small Business Administration.

We have reviewed the report and have also obtained advice from the Small Business Administration concerning any possible conflict in light of the Administration's functions and the nominee's proposed duties. Schedule A discloses an investment interest in Abdnor Farms, Inc., which runs a 2-1/2 percent limited partnership interest in a partnership which holds a 100 percent interest in a small business investment company. On March 10, 1987, the SBA Standards of Conduct Committee determined that in view of the small amount of the investment in relation to the nominee's net worth, and the indirect nature of the investment, there would not be a conflict of interest, or the appearance thereof, if he retained that interest in the partnership after he assumes his duties at SBA, provided he is not a party to any consideration of future assistance to the small business investment company.

Based thereon, we believe E. James Abdnor is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

Financial Disclosure Report

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee or Candidate ☐ Termination Filer		MAR 11 1987		

	Last Name	First Name and Middle Initial
Reporting Individual's Name	Adnor	L. James
Position for Which Filing	Title of Position: Administrator	Department or Agency (If Applicable): Small Business Administration
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 3750 S. Geo. Mason Drive Falls Church VA 22041	Telephone No. (Include Area Code): (703)379-3944
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: United States Senator 1981-1987	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	Small Business	☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	E James Adnor	February 19, 1987
Other Review (If desired by agency)	Signature of Other Reviewer: W/4 Ku 6 See attached memorandum	Date (Month, Day, Year): 3/11/87
Agency Ethics Official's Opinion: The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Signature of Designated Agency Ethics Official/Reviewing Official: Martin O. Tashler	Date (Month, Day, Year): 3/11/87
Office of Government Ethics Use Only	Signature: David H Mort	Date (Month, Day, Year): 3-13-87

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side)

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

50

Reporting Individual's Name	Assets and Income	Page Number		Sche
Abdnor, James			1	

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income; only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termina
Filers only: In BLOCK D
any real property, stocks, bo
commodities futures and o
securities listed in BLOCK
did you
purchase, sell, or exchange
item during the reporting pe
for a value that exceeds $10

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets								BLOCK C Income																BLOCK Transa Pe
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC) NONE ☐			Category of Value (X)								Type of Income (X)						Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, to Sch
			None (or less than $1001)	$1,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101 $1,000	$1,001 $2,500	$2,501 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	Over $100,000			
S or DC	Examples	X Y Z Common			X				X																		
		Doe Jones & Smith, Hometown, USA		X													partnership income								$50,000		
1	U. S. Savings Bonds				X						X								X								
2	1462 shares stock Abdnor Farms, Inc.							X	X							X											
3	Sole Owner 1120 acres Farmland Lyman Co., SD							X		X											X						
4	Notes Receivable Abdnor Farms Inc.				X						X					X											
5	Irrigation Equipment Lyman Co., SD				X										Farm Income									$9,634			
6	New York Life Ins. Annuity #1				X						X									X							
7	New York Life Ins. Annuity #2				X						X							X									
8	Sole Owner Dudley Res. Lot Edelweiss, Penn. Co., SD				X											X											
9	Grocery Mfg. of America Washington DC		X												Honoraria			X						$2,000	6-21-86		
10	Am. Council of Highway Advertisers, Washington DC		X																								

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Terminating Filers only: In BLOCK D, any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A did you purchase, sell, or exchange any item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	BLOCK B Valuation of Assets Category of Value (X) None (or less than $1001)	$1,001 - $8,000	$8,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	Over $250,000	BLOCK C Income Type of Income (X) Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	Category of Amount of Income (X) None (or less than $101)	$101 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	BLOCK Transactio Test If yes, comp Schd. B Part those ass including this for a los YES
	Examples	X Y Z Common			X				X									X								X
		Doe Jones & Smith, Hometown, USA			X										partnship income									$50,000		
1	Bethlehem Steel Washington DC.		X												Honoraria		X							$1,000	10-13-86	
2	Checking Account Bank West, Kennebec SD			X							X						X									
3	NON-FARM ACTIVITIES OF ABDNOR FARMS, INC.																									
4	Ownership-Condominium Ft. Myers Beach Fla.					X				X										X						
5	Limited Partnership Mesirow Cap. Partners I					X			X		X										X					
6																										
7																										
8																										
9																										
10																										

Reporting Individual's Name

Abdnor, James

Page Number 3 Sch

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE [X]

S or DC	Example	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction $1,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	$250,001
	Example	X Y Z Common	X			2/1/83			X		
1											
2											
3											
4											
5											
6											

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE [ ]

S		Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1		Jewish Policy Center, 415 2nd St. NE Washington	airline tickets, hotel room and meals incident to trip to Israel 6-29 to7-3,'86	$2,500
2				
3				
4				
5				
6				

SF 278 (Rev. 1/85)
5 CFR Chapter XIV
U.S. Office of Personnel Management

Form Approved
OMB No. 3

Reporting Individual's Name
Abdnor, James

Page Number 4 | Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value ($) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	$25
S or DC	Examples	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs			X		
		John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1		Tri-State Bank, Chamberlain SD	Mortgage on Irrigation Equipment	1979	9½%	10		X			
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.
Example:	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/75 partnership agre

Reporting Individual's Name
Abdnor, James

Page Number	5	Sched D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	Treasurer	6/82	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/75	11/83
	Abdnor Farms, Inc., Kennebec SD	Farm Corporation	President	2/74	date
	Sky Ranch Foundation, Washington DC	Non-profit education	Director	1/78	Pre-

Part II
Compensation In Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☒

	Source (Name and Address)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

The CHAIRMAN. Mr. Gillum, welcome to this Committee, and let me also say that when this Committee reports this nomination it will also be referred, for not more than 20 days, to the Committee on Government Affairs.

Senator Weicker, do you have an opening statement?

Senator WEICKER. I have no opening statement. I will have questions for submission into the record.

The CHAIRMAN. Senator Harkin.

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM THE STATE OF IOWA

Senator HARKIN. Mr. Chairman, I am sorry I got here late. I am sorry I missed our esteemed former colleague, Senator Abdnor, and I just wanted to add to the record my high esteem for him and my respect for him, and I hope that he will be a strong advocate for small business, which I trust that he will be, and say that he has my full support for this position.

I am just sorry that I missed it and I just wanted to add my support to our former colleague.

The CHAIRMAN. Thank you very much, Senator Harkin.

Mr. Gillum, you may proceed.

STATEMENT OF CHARLES R. GILLUM, INSPECTOR GENERAL DESIGNATE OF THE U.S. SMALL BUSINESS ADMINISTRATION

the United
States, like Arizona.

Mr. Chairman and Members of the Committee, I am most honored to appear before you as the President's nominee to serve as Inspector General of the Small Business Administration.

It is a privilege to be nominated to follow in the footsteps of former Inspectors General Paul R. Boucher and Mary F. Wieseman, both of whom I have known as friends and for whom I have the utmost professional respect.

Paul and Mary have established the highest standards, and it would be both a challenge and an opportunity for me to be able to build on their good works.

I am confident that my background as a public administrator, investigator and 15 years of Inspector General experience qualifies me for this position.

I would also like to take this opportunity to thank all of those who have helped me throughout my career as teachers, mentors, and advisors. I won't name them individually, but they are the IG's and senior officials I have worked with while serving the U.S. Air Force, the Department of Housing and Urban Development, Federal Home Loan Bank Board, GSA, and, of course, members of the President's Council on Integrity and Efficiency.

No one can do it alone, and it is good for me and all of us, I think, to reflect on that from time to time.

Since most of my professional life has been spent as an IG person, it should be of no surprise that I am a firm proponent of the IG concept.

It is imperative that the independence of IG operations be diligently preserved by IG personnel and that it have the respect and support of Agency management.

The independence of IG audits and investigations not only brings an element of accountability to the daily work environment, but positions IG personnel to uniquely contribute to improved program delivery by Agency managers.

I have enjoyed my brief dealings with both the majority and minority staff aides of this Committee, and look forward to building a relationship which will work from a basis of mutual trust and respect.

Again, Mr. Chairman, my thanks for the opportunity to be considered for confirmation by the Committee on Small Business.

I would be pleased to respond to any questions.

Senator BAUCUS. Mr. Gillum, if you are confirmed by the Senate, will you faithfully execute the laws passed by the Congress regardless of any previous statements you have made or biases that you may have had?

Mr. GILLUM. I will.

Senator BAUCUS. If you are confirmed by the Senate, do you promise to respond to requests to appear and testify before this Committee or any other duly-constituted Committee of the Senate?

Mr. GILLUM. I will, sir.

Senator BAUCUS. In order to conduct oversight review of the SBA, this Committee will require complete access to SBA documents and personnel.

Do you believe that documents or interviews with SBA employees should be denied to this Committee while pursuing its oversight activities for any reason?

Mr. GILLUM. No, sir, except when there are other laws that prevail—such as materials before a grand jury—would be the only thing that I could see being denied.

Senator BAUCUS. I think that is more than reasonable.

Senator Weicker.

Senator WEICKER. Thank you very much, Senator Baucus. I have only one question, in addition to others that will be submitted for the record.

I was a great admirer, I might add, of one of your predecessors, Paul Boucher, which is not to take away from Mary Wieseman when I say that. It was a great tragedy when he passed away.

The reason why I was close to him was I admired him for his integrity and his independence. He called the shots as he saw them and he didn't take his orders from anyone.

If confirmed to the job of Inspector General, I want to have the same assurances from you that you will exercise that degree of independence which is necessary of any Inspector General. It has nothing to do with philosophy or partisanship, but once you take office, at that stage of the game you are there to serve the law, if you will, rather than any individual or any Senatorial body, and I want that assurance.

Mr. GILLUM. You certainly have it, sir.

Senator WEICKER. I have no further questions.

Senator BAUCUS. Senator Weicker, I appreciate your raising that point.

I, too, am a firm believer in the concept of Inspector Generals. I think in many respects it is one of the few bulwarks in this Government against abuses that personnel may undertake in various Government agencies, and I am happy to hear the Senator raise that question and ask that of you, and I am very happy to hear your answer.

I can assure you that other Members of this Committee will be as interested as the Senator from Connecticut. And I want you to know that you will have the full backing of this Committee, should you need it, as you pursue your activities as an independent, aggressive Inspector General.

[Material follows:]

MARCH 12, 1987

STATEMENT BY ALAN J. DIXON

COMMITTEE ON SMALL BUSINESS

NOMINATIONS OF

JAMES ABDNOR AND CHARLES R. GILLUM

MR. CHAIRMAN, I LOOK UPON THE ADMINISTRATION'S NOMINATION OF THE EMINANT FORMER SENATOR FROM SOUTH DAKOTA TO THE POSITION OF ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION AS A POSITIVE SIGN THAT THE WHITE HOUSE WILL NO

LONGER FOLLOW A PATH TOWARD THE DISMANTLING OF THE SBA.

DURING HIS DISTINGUISHED SERVICE IN THE HOUSE AND THE SENATE, SENATOR ABDNOR REPRESENTED THE ISSUES OF HIS RURAL CONSTITUENTS. THOSE EXPERIENCES SHOULD PROVIDE HIM WITH AN UNDERSTANDING OF THE NEEDS OF THE RURAL ECONOMY AND THE RURAL SMALL BUSINESS.

MR. GILLUM HAS SERVED THIS GOVERNMENT IN MANY DISTINGUISHED POSITIONS OVER THE PAST TWENTY FIVE YEARS. HIS EXPERIENCE IN THE OFFICE OF INSPECTOR GENERAL IN HOUSING AND URBAN

DEVELOPMENT PREPARES HIM TO ASSURE THAT THE PROGRAMS OF THE SMALL BUSINESS ADMINISTRATION ARE CARRIED OUT IN KEEPING WITH THE INTENT OF THEIR CHARTER.

THE SMALL BUSINESS ADMINSTRATION IS IN NEED OF A CHAMPION--SOMEONE WHO WILL FIGHT TO ASSURE THAT ITS POLICIES AND PROGRAMS ARE CONTINUED; SOMEONE WHO WILL FIGHT TO KEEP SMALL BUSINESS, THE BACKBONE OF OUR ECONOMY, HEALTHY AND VIABLE.

I LOOK FORWARD WITH INTEREST TO THE TESTIMONY THAT WE WILL HEAR TODAY ON THE NOMINATION OF

SENATOR ABDNOR. AND I LOOK FORWARD TO FINALLY EMPOWERING THE SMALL BUSINESS ADMINISTRATION WITH THE STRONG LEADERSHIP THAT IT DESERVES AS THE AGENCY THAT REPRESENTS OUR NATION'S MOST VALUABLE RESOURCE, SMALL BUSINESS.

MR. CHAIRMAN, I HAVE SEVERAL QUESTIONS FOR SENATOR ABDNOR THAT I WILL ASK AT A LATER POINT IN THE HEARING.

Lowell Weicker, Jr. Questions for Charles Gillum

1. Responsibilities of the Inspector General

Would you please describe for the Committee what you believe the scope of your role should be within your agency?

The Inspector General (IG) has to perform the audits, investigations, and all other responsibilities provided for in the IG Act of 1978. Most importantly, the IG must, through leadership and advocacy, provide IG auditors and investigators with an environment which is positive and, at the same time, free from outside interference. This is essential in order for the IG to be an active and effective force in: promoting integrity; assuring the prevention and detection of crimes; fostering improved operations; and generating public confidence. Any constraints on the review of agency activities should result only from IG resource availability, professional standards for auditors and investigators, or other operations of law.

What types of issues and other matters do you believe should be exclusively your responsibility?

Policy for and operational control of audit and investigation activities within the agency must be the exclusive responsibility of the IG. In addition, the IG should have authority for personnel decisions (hiring, promoting, transferring, etc.) and budget formulation/ execution relative to IG operations. This would, consistent with the IG Act, cause such matters to be resolved by the IG and the Administrator/Deputy Administrator without interference by the subordinate agency officials being reviewed (auditee and subjects of investigations).

What type of issues do you believe would not be within the scope of your responsibilities?

The IG should not establish policy for or become involved in the management of agency programs. While the IG must limit the scope of his/her operations to those activities prescribed by the IG Act of 1978, this in no way rules out an active IG role in fostering better policy and improved management. These ends can be achieved through IG review of and comment on proposed statutes, regulations, and policies, as well as through quality audits and investigations.

2. Independence of the Office

What is your view of the relationship which should exist between the IG and the head of your agency?

Ideally, the relationship should be one of mutual respect and support, based on a common understanding that the agency head is best served by an independent IG who can be relied on to develop and present information which is accurate and objective -- even if, in the short term, the information is painful or otherwise unfavorable. This type of relationship needs to be fostered by frequent and open communications between the two individuals.

3. Relationship With Congress

What is your view of the relationship which should exist between you and Congress?

The relationship with Congress should start from the same premise as with that of the agency head; that is, it should be one of mutual respect and support. The IG has an obligation to keep the Congress informed of IG findings and agency action on them. The necessity of making information, in the possession of the IG, available for the use of the Congress in conducting its business, is without question and would be constrained only by other operations of law (e.g., grand jury or other protected information). Effective dialogue must be accomplished through receptivity and responsiveness to Congressional concerns and requests, comprehensive semiannual reporting, and willingness to make appropriate use of the IG Act provision concerning immediate reports to the Congress on serious or flagrant problems.

Will you work closely with the Congress in developing legislation? Will you have to clear your statements or work through OMB when dealing with Congress?

I look forward, consistent with the provisions of Section 4(a)(2) of the IG Act, to working with the Congress in its development of legislation. The position of any particular administration, or the political interests of the Congress on any given issue of legislation, would be outside the scope of Inspector General responsibilities. Therefore, as long as an IG is diligent in complying with Section 4(a)(2), i.e., in providing views as to the potential impact of such legislation on the detection and prevention of fraud

and abuse, internal controls and matters of economy and efficiency, I see no requirement to obtain OMB clearances in dealing with Congress. To the extent that IG audits, investigations, or other analyses bear on legislative issues, the IG has an obligation to present those findings in the same independent and objective manner that they were developed. Congressional requests for this type of information will be honored without prior clearance by OMB or the agency head.

Charles R. Gillum (Alexandria, VA)	Inspector General, Small Business Administration
1981 - present	Deputy Inspector General, General Services Administration
1980 - 1981	Director, Internal Evaluation and Compliance Office, Federal Home Loan Bank Board
1980	Acting Assistant Inspector General, Director Field Operation Division, OIG, Department of Housing and Urban Development
1979 - 1980	Director, Headquarters Operations Division, OIG - HUD
1976 - 1979	Senior Inspector General, Assistant IG for Investigation, OIG - HUD
1972 - 1976	Criminal Investigator, Special Projects Staff, OIG - HUD
1963 - 1972	Criminal Investigator, HUD Office of Investigations and USAF Office of Special Investigations
1962 - 1963	Administrative/Personnel Officer, USAF

CHARLES R. GILLUM

4516 Park Road
Alexandria, Virginia 22312

Date of Birth - September 22, 1938

Education/Training Highlights

Master of Public Administration, Arizona State University, 1961
Bachelor of Science, Arizona State College, 1960
USAF - Office of Special Investigations, Special Investigators Course, 1968
Seminar for New Managers, Executive Seminar Center, 1978
Senior Executive Roundtable, Natl. Institute of Public Affairs, 1981
Executive Leadership and Management, Federal Executive Institute, 1983

Professional Experience

Acting Inspector General, General Services Administration (GSA) August 4, 1984 to present
Deputy Inspector General, OIG - GSA, September 1981 to August 4, 1984
Director, Internal Evaluation and Compliance Office (audit and investigation), Federal Home Loan Bank Board, September 1980 to September 1981
Acting Assistant Inspector General, Director Field Operations Division, OIG, Department of Housing and Urban Development (HUD), January 1980 to September 1980
Director, Headquarters Operations Division, OIG - HUD, May 1979 to January 1980
Senior Inspector, Assistant IG for Investigation, OIG - HUD, January 1976 to May 1979
Criminal Investigator, Special Projects Staff, OIG - HUD, May 1972 to January 1976
Criminal Investigator, HUD, Office of Investigations and USAF Office of Special Investigations, October 1963 to May 1972
Administrative/Personnel Officer, USAF, February 1962 to October 1963

Professional Societies and Activities

Association of Federal Investigators (AFI), Natl. Executive Board, 1981
Association of Government Accountants (AGA)
Association of Former OSI Agents

Charles R. Gillum
(continued)

Professional Societies and Activities (cont'd)

Senior Executives Association (SEA)
American Society for Public Administration (ASPA)
Chairman, Association of Directors of Investigation (ADI), 1981
Chairman, Subcommittee on Training/Committee on Training, Staffing and Management, 1979-1981
Member, Training Committee, President's Council on Integriy and Efficiency, 1981

Achievements and Awards

College General Academic Scholarship, 1956-1960
Graduate Assistantship, 1960-1961
Letter of Commendation, HUD, 1971
Quality Within Grade, 1974
Certificate of Special Achievement, 1977
Quality Within Grade, 1980
Certificate of Special Achievement, 1980
Honorarium Federal Home Loan Bank Board, 1981
SES Performance Bonus, 1982

Military

Captain, United States Air Force, 1961-1963
Bronze Star, 1967
Vietnamese Honor Medal, 1967
Vietnamese Air Force Commendation, 1967

NOMINATION REFERENCE

As in executive session,
Senate of the United States,

February 3, 1987.

Ordered, that the following nomination be referred to the Committee on Small Business:

(See attached--PN117-6)

(when and if reported, this nomination will be then referred to the Committee on Governmental Affairs for not to exceed 20 days)

PN117

The White House,

FEB 3 - 1987 19

To the

Senate of the United States.

I nominate the following-named persons to the positions indicated:

Robert B. Costello, of Michigan, to be an Assistant Secretary of Defense, vice James Paul Wade, Jr.

James W. Ziglar, of Maryland, to be an Assistant Secretary of the Interior, vice Robert N. Broadbent, resigned.

Judith Y. Brachman, of Ohio, to be an Assistant Secretary of Housing and Urban Development, vice Antonio Monroig, resigned.

Lawrence F. Davenport, of Virginia, to be an Assistant Secretary of Energy (Management and Administration), vice Martha O. Hesse.

Raymond G. Massie, of New Jersey, to be Director of the Office of Minority Economic Impact, vice Rosslee Green Douglas.

- 6 Charles R. Gillum, of Virginia, to be Inspector General, Small Business Administration, vice Mary F. Wieseman, resigned.

- SB, Hien GA -20

To be Members of the Board of Directors of the Legal Services Corporation for terms expiring July 13, 1989 (Reappointments):

Hortencia Benavidez, of Texas
Lorain Miller, of Michigan
Claude Galbreath Swafford, of Tennessee
Robert A. Valois, of North Carolina

SBA News

U.S. Small Business Administration
Washington, DC 20416

SBA Number 86-51

Release Date September 23, 1986

For more information contact Mike Thomas
(202) 653-6822

DEPUTY GSA INSPECTOR GENERAL NOMINATED FOR IG POST AT SBA

WASHINGTON, D.C., September 23 -- Charles R. Gillum, deputy inspector general for the General Services Administration, has been nominated by President Reagan to be inspector general at the U. S. Small Business Administration.

Gillum, 48, has had more than 20 years experience in federal investigative operations. He has served in his present GSA post since December 1985, and for the three prior years had been acting inspector general at GSA.

Gillum also served in investigative positions at the Federal Home Loan Bank Board, the Department of Housing and Urban Development and the Air Force. He served as a captain in the Air Force from 1961-68, receiving the Bronze Star, Vietnamese Honor Medal and Vietnamese Air Force Commendation.

At SBA, Gillum would succeed Mary F. Wieseman, nominated by the President and confirmed by the Senate as chief counsel to the Merit Systems Protection Board.

- more -

"Charles Gillum has had an outstanding career in investigative matters and policy," SBA Acting Administrator Charles L. Heatherly said. "We are confident that his experience and extensive background will serve him well as he assumes his position with SBA."

"I am confident that he will be an asset to the Reagan Administration and SBA in his new post."

Gillum, a native of Phoenix, received his bachelor of science degree from Arizona State College and his master of public administration degree from Arizona State University. He lives in Alexandria, Virginia.

# # #

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

OCT 6 1986

Honorable Lowell Weiker
Chairman
Committee on Small Business
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Charles R. Gillum, who has been nominated by President Reagan for the position of Inspector General of the Small Business Administration.

We have reviewed the report and have also obtained advice from the Small Business Administration concerning any possible conflict in light of its functions and the nominee's proposed duties. Based thereon, we believe that Mr. Gillum is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
AFC

David H. Martin
Director

Enclosure

Financial Disclosure Report

OMB No. 3209-0002 Page

Filing Status: (Check appropriate box)

☐ Incumbent ☑ New Entrant, Nominee or Candidate ☐ Termination Filer

Agency Use Only

OGE Use Only: SEP 30 1986

Date of Appointment, Candidacy or Nomination (Mo., Day, Yr.): 9/1/86

Termination Date (If Applicable) (Month, Day, Year)

	Last Name	First Name and Middle Initial
Reporting Individual's Name	Cullen	Charles R.
Position for Which Filing	Title of Position: Regional Director (RC)	Department or Agency (If Applicable): Small Business Administration
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 1441 L Street NW Washington, D.C. 20416	Telephone No. (Include Area Code): 202-653-6562
Position(s) Held With the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: Deputy Chief of Staff, GSA	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Governmental Affairs Small Business	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☑ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Charles R. Cullen	9/12/86
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Martin D. Fuller	9/29/86
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)
	David H. Mark	10-2-86

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

Entries initialed CRC were made by Mary B. White of OGE pursuant to 10/1/86 conversation with reporting individual.

(Check box if comments are continued on the reverse side) ☐

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

PREVIOUS EDITION USABLE

276-109

NSN 7540-01-070-8444

74

FPM Chapter 734
U.S. Office of Personnel Management

Reporting Individual's Name: Charles N. C Hill

Assets and Income

Page Number 2 / 4

Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Terminating Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income													BLOCK D Transaction Test	
	Identify each asset and income source of yours, your spouse(S) and your dependent child (DC).	Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)									If yes, complete Schd. B Part I. Those assets including those for a loss.	
		None (or less than $1001)	$1,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000			Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101 $1,000	$1,001 $2,500	$2,501 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
	United Services Automobile Ass'n Mutual-Disc. Sec. NONE ☐																										
S or DC	Example	X Y Z Co. widget																									
		Doe Jones & Smith, Hometown, USA			X											partnership income			X					$50,000		X	
1	IRA's 402; DS; Ef; BS USAA MUTUAL FUND			X						X		X						X								X	
	USAA MUTUAL FUND			X						X		X						X									
2	RENTAL PROP: WINDS II 3C CAROLINA BEACH, NC					X					X									X						X	
4	CHECKING: COLUMBIA 1st & CONTINENTAL MD S/L		X									X						X	THIF								X
5	COMSAT - STOCK	X								X							X										X
8	ALEXANDRIA HOSPITAL															BALAN											X
9	IRA'S 1983; DS; BS CAPITAL GUARDIAN TRUST			X						X		X						X								X	
9	AMERICAN MUTUAL Fd - NEW ECONOMY FUND				X					X		X						X								X	
9	DAILY CASH ACCUMULATION FUND		X									X						X								X	
9	ARMIZE II MONEY MARKET FUND		X									X						X									X

PREVIOUS EDITION USABLE

218-209

75

FPM Chapter 735
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name: Candace K. Gillum

Assets and Income

Page Number 3

Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. **Exclude** your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

#3 - wife is trustee of minor's trust - no income received

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income																	BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)							Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part I for these assets including these so far a item.	
	None (or less than $1001)	$1,001 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000		Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust			None (or less than $101)	$101 $1,000	$1,001 $2,500	$2,501 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	Over $100,000			YES	NO
S or DC / Examples: X Y Z Checking				X					X										X								X	
Doe Jones & Smith Hometown, USA			X													partnership income									$50,000			
1 S GROWTH FUND OF WASHINGTON				X					X		X						X										X	
2 S 1ST TRUST NOTE - 3405 RADNOR, FALLS CHURCH, VA				X							X								X									X
3 S* BARCLAYS DAVIS TRUST (S: JANICE D. GILLUM - TRUSTEE)																		X										
4 ① DAILY CASH ACCUMULATION FUND			X								X							X										X
5 ② AMERICAN MUTUAL FUND					X				X		X									X								X
6 DOMINION BANK SHARES	X								X								X											X
7 DC GILLUM FAMILY TRUST (S: JANICE D. GILLUM - TRUSTEE)																		X									X	
8 ① DAILY CASH ACCUMULATION FUND			X								X							X									X	
9 ② VAN KAMPEN MERRIT U.S. GOVT FUND					X				X		X							X									X	
10																												

PREVIOUS EDITION USABLE

#7 - Educational trust for children - w/o income no income ***

279-208

76

Page Number

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over
	Example	X Y Z Common	X			2-1-83			X			
1			X			1/82	X					
2				X		4/84	X					
3			X			1-4-83	X					
4 S			X			3/84	X					
5 S			X			6/85			X			
6 S			X			6/85		X				

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☒

S		Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1				
2				
3				
4				
5				
6				

PREVIOUS EDITION USABLE

278-108

Page Number 3 Schedule A

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets (X Y Z Corp. Inc.)	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000
	Example	X Y Z Corp. Inc.	X			2.1.83			X			
1 S		DAILY CASH RESERVE FUND	X			6/85		X				
2 DC		Colleen Family Trust (JOINT) Colleen (S) TRUSTEE										
3	(1)	A.T. Hall Mgt. (EXCHANGE) WM HARDY, DEVISEE, ALLEGAN, Va		X		6/85					X	
4	(2)	DAILY CASH ACCUMULATION FUND	X			6/85	X					
5	(3)	VAN KAMPEN MERRIT - U.S. GOVERNMENT FUND	X			6/85				X		
6 S		RENTAL PROPERTY - LOTS VII, 3C - CAROLINA BEACH, NC	X			6/85					X	

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

1) NONE
2) NONE
3) N/A

NONE ☒

S		Source (Name and Address)	Brief Description	Value
	Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Examples	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1				
2				
3				
4				
5				
6				

PREVIOUS EDITION USABLE

278-108

FPM Chapter 735
U.S. Office of Personnel Management

Reporting Individual's Name: CARR, Wm. Edw. III

Page Number 5 | Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Examples: First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs			X		
	John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1	MARGARET MITCHELL TR. CHARLESTON SOUTH CAROLINA	MORTGAGE ON RENTAL PROPERTY, 123 MAIN ST, SC, CAROLINA BEACH, N.C.	1955	ARM 1990 CAP currently 9.5%	30 yrs			X		
2										
3										
4										
5										
6										

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for **future employment**, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example:	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/78 ptnership agmnt

PREVIOUS EDITION USABLE

278-108

Reporting Individual's Name

Page Number 7

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	non profit education	President	6/82	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/75	11/83
	ASSOCIATION OF FEDERAL INVESTIGATORS	PROFESSIONAL	NATIONAL EXECUTIVE COUNCIL, BOARD MEMBER	1/81	1/86
					enrolled in law school

Part II
Compensation in Excess of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☒

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

PREVIOUS EDITION USABLE

278-108

The CHAIRMAN. The hearing record will be kept open for another 48 hours. I see no other Senators here. I assume, therefore, that there will be no other questions asked.

The hearing is adjourned.

Mr. GILLUM. Thank you, sir.

[Whereupon, at 10:57 a.m., the Committee was adjourned.]

○

72-809 (88)